

MEETING MINUTES

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**ATTENDEES**

	Name	Designation/Position	Department/Company
1	Maila Lourdes G. De Castro	Chairperson, Independent	RCC
2	Francisco L.R. Castro, Jr.	Member, Independent	RCC
3	Allan C. Nerves	Member, Independent	RCC
4	Concepcion I. Tanglao	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member, Generation Sector	RCC
6	Cherry A. Javier	Member, Generation Sector	RCC
7	Carlito C. Claudio	Member, Generation Sector	RCC
8	Mark Habana	Member, Generation Sector	RCC
9	Michelle Tuazon	Member (Alternate), Generation Sector	RCC
10	Jessie Victorio	Member (Alternate), Generation Sector	RCC
11	Ryan S. Morales	Member, Distribution Sector	RCC
12	Ricardo G. Gumalal	Member, Distribution Sector	RCC
13	Nelson M. Dela Cruz	Member, Distribution Sector	RCC
14	Virgilio Fortich, Jr.	Member, Distribution Sector	RCC
15	Lorreto H. Rivera	Member, Supply Sector	RCC
16	Ambrocio R. Rosales	Member, System Operator	RCC
17	Isidro E. Cacho, Jr.	Member, Market Operator	RCC
18	Karen A. Varquez	RCC Secretariat	PEMC
19	Divine Gayle C. Cruz	RCC Secretariat	PEMC
20	Dianne L. De Guzman	RCC Secretariat	PEMC
21	Kathleen R. Estigoy	RCC Secretariat	PEMC
22	Monica M. Martin	Legal	PEMC
23	Andrea J. Mendiola	Legal/DRA Secretariat	PEMC
24	Ma. Hazel M. Gubaton-Lopez	Enforcement and Compliance Office	PEMC
25	Sheryll M. Dy	Proponent	IEMOP
26	Julius Eleazar A. Bunyi	Proponent	IEMOP
27	Katrina A. Garcia-Amuyot	Proponent	IEMOP
28	Edward I. Olmedo	Proponent	IEMOP
29	Valfia U. Gregorio	Proponent	IEMOP
30	Melanie C. Papa	Observer	DOE
31	Mari Josephine C. Enriquez	Observer	DOE
32	Kevin Lloyd C. delos Santos	Observer	DOE
33	Ryan Jaspher M. Villadiego	Observer	DOE

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	Name	Designation/Position	Department/Company
34	Jordan C. Orillaza	Commenter	Technical Committee
35	Kevin John Y. dela Cuesta	TC Secretariat	PEMC
36	Charo S. Barcinas	Commenter	AC Energy
37	Rhovel Flores	Commenter	AC Energy
38	Wenelly Nicole Saunar	Commenter	Aboitiz Power Corp.
39	Antonio Mercado	Commenter	Panasia/Millennium Energy Inc
40	Felixberto Bustos, Jr.	Proponent	PEM Audit Committee
41	Bienvenido C. Mendoza, Jr.	PAC Secretariat	PEMC
42	John Brian J. Infantado	PAC Secretariat	PEMC

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I. Call to Order	The meeting was conducted via Microsoft Teams and was called to order at 9:01 AM by Atty. Maila Lourdes G. De Castro (Chairperson/Independent).
II. Determination of Quorum	<ul style="list-style-type: none"> 15 RCC principal members and 2 alternate members were in attendance during the morning session. 11 RCC principal members and 2 alternate members were in attendance during the afternoon session.
III. Presentation and Approval of the Proposed Agenda	<p>The revised provisional agenda of the meeting was approved and adopted by the body, as amended.</p> <p>The order of the agenda items was changed to accommodate the schedules of guest commenters and presenters.</p>
IV. Review and Approval of the Minutes of the 179 th RCC Meeting held on 21 May 2021	<p>The minutes was further revised during the meeting for clerical corrections and as follows:</p> <p>xxx</p> <p><i>On Annex H (Final Offer Arbitration Supplementary Rules) and Annex I (Guideline for Virtual Hearings), the Secretariat noted that no comments were received. Atty. Morillos noted that Annex H can be used in the Dispute Resolution of the Retail Rules if the parties “opt-in”.</i></p> <p><i>Chairperson De Castro requested for confirmation from the Secretariat if the said Annexes were discussed and presented in the previous RCC meeting, to which the Secretariat confirmed <u>that the summary was discussed.</u> xxx</i></p> <p>The minutes of the previous meeting was approved as amended.</p>
V. Matters Arising from Previous Meeting	
5.1. RCC Resolution No. 2021-06: Proposed Amendments to the WESM Rules and WESM Manuals regarding Clarifications on Indirect WESM Membership	<p><u>Presenters:</u> Ms. Kathleen R. Estigoy (RCC Secretariat) Ms. Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Meeting Material:</u> Annex A - Registration Updates</p>



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	<p><u>Proceedings:</u></p> <p>The RCC approved the draft resolution, as submitted. In relation to the proposal, Ms. Cruz (RCC Secretariat) updated the RCC that the ten (10) unregistered loads still did not complete their registration in the WESM, although there have been recent positive developments on their submissions (e.g., NIA-UPRIIS) (see Annex A).</p> <p>Per Mr. Fortich's (CEBECO 3) request in the previous meeting, Ms. Cruz also informed that there are thirteen (13) electric cooperatives registered as Indirect WESM Members. Mr. Fortich updated that he informed PHILRECA of the non-registration issue and PHILRECA thereafter issued advisories to concerned electric cooperatives.</p> <p><u>Resolution:</u> The RCC approved to endorse RCC Resolution 2021-06 to the PEM Board, as amended.</p>
<p>5.2. RCC Resolution No. 2021-07: Proposed Amendments to the WESM Manual on Dispute Resolution</p>	<p><u>Presenters:</u></p> <p>Ms. Kathleen R. Estigoy (RCC Secretariat) Atty. Andrea J. Mendiola (DRA Secretariat)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Proceedings:</u></p> <p>Arising from the inquiry of Ms. Tanglao (Independent) if the RCC was able to discuss the proposed new Annexes H and I of the Dispute Resolution Manual which pertain to the <i>Final Offer Arbitration (FOA) Supplementary Rules and Guidelines for the Conduct of Virtual Hearings</i>, respectively, the Secretariat stated that only the summary of those Annexes were briefly touched upon during the deliberation in the previous meeting. The Secretariat thus requested Atty. Mendiola (DRA Secretariat) to present the contents of said Annexes for the RCC's better appreciation. Atty. Mendiola explained the contents of the Annexes as follows:</p>

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	<ul style="list-style-type: none"> • <i>Annex H - Final Offer Arbitration Supplementary Rules</i> <ol style="list-style-type: none"> 1) Applicability <ul style="list-style-type: none"> ○ Provides “opt out” clause in which parties who are bound by default to use FOA (i.e., Retail Market participants) may agree to opt out from using it and instead apply the rules of conventional mode of arbitration to resolve their disputes. ○ Provides “opt in” clause in which parties who are bound by default to resolve disputes through conventional mode of arbitration (i.e., WESM participants) may agree to use FOA. 2) Exchange of Settlement Offers - provides procedures how offers are made 3) Exchange of Final Offers - provides procedures how final offers are made 4) Amendments to Final Offers - provides when parties make amendments to their final offers 5) Scope of Final Offer 6) Award - provides guidance to the arbitrators how to treat parties’ submissions of offers 7) Modifications by Agreement of the Parties • <i>Annex I - Guideline for Virtual Hearings</i> <ol style="list-style-type: none"> 1) Article 1 - Introduction <ul style="list-style-type: none"> ○ Preamble and rationale for the guidelines 2) Article 2 - Application for Conduct of Virtual Hearings <ul style="list-style-type: none"> ○ Circumstances when virtual hearings may be applied ○ includes excerpts of legal provisions (e.g., ADR Act of 2004, Electronic Act of 2000, etc.) to lay out the bases that allows the conduct of virtual hearings 3) Article 3 - Procedural Issues <ul style="list-style-type: none"> ○ Specific procedures on the service of documents and notices ○ Considerations for the arbitral tribunal to ensure that each party is given full and equal opportunity to present its case during a virtual hearing

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	<p>4) Appendix A - Checklist for a Protocol on Virtual Hearings Provides</p> <ul style="list-style-type: none"> ○ Pre-hearing Plan, Scope and Logistics ○ Technical Issues, Specifications, Requirements and Support Staff ○ Confidentiality, Privacy and Security ○ Online Etiquette and Due Process Considerations ○ Presentation of Evidence and Examination of Witnesses and Experts <p>5) Appendix B - Suggested Clauses for Virtual Hearings Protocols and Procedural Orders Dealing with its Organization</p> <ul style="list-style-type: none"> ○ Templates to aid the arbitral tribunal in making orders and notices when conducting virtual hearings <p>6) Appendix C - Enhanced Technology and Logistical Considerations/ Checklist (Optional)</p> <ul style="list-style-type: none"> ○ specifies minimum technical requirements (e.g., equipment, bandwidth, etc.) for the arbitrators and parties to conduct virtual hearings <p>Atty. Mendiola mentioned that PEMC's IT department was consulted regarding the minimum and ideal technical requirements.</p> <p>Further changes were made to the draft resolution to clarify that the RCC denied the proposal to delete the "PEM Board" among entities that may be impleaded in WESM disputes (under WESM Rules Clause 7.3.1.1). In said provision, the RCC decided to replace "PEM Board" with the term "Governance Arm" for consistency with how the term is defined under DOE Department Circular No. DC2020-10-0021 (Provisions for the Implementation of Independent Market Operator).</p> <p><u>Resolution:</u> The RCC approved to endorse RCC Resolution 2021-07 to the PEM Board, as amended.</p>
<p>5.3. RCC Resolution No. 2021-08: <i>Revisions to RCC Resolution No. 2019-19 on the Proposed Revisions to the WESM Rules and New WESM Compliance Officers</i></p>	<p><u>Presenter:</u> Ms. Dianne L. de Guzman (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p>

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<i>(WCO) Certification and Registration Manual</i>	<p><u>Resolution:</u></p> <ul style="list-style-type: none"> The RCC deferred the matter to the next scheduled RCC meeting due to time constraint. The RCC noted that the DOE, per their reply letter to PEMC, will await the re-submission of the proposal after the approval of the RCC and PEM Board.
VI. New Business	
<p>6.1. Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)</p>	<p><u>Presenters (IEMOP-proponent):</u> Mr. Edward I. Olmedo Mr. Julius Eleazar A. Bunyi Ms. Valfia U. Gregorio Atty. Sheryll M. Dy</p> <p><u>Guests (commenters):</u> Prof. Jordan C. Orillaza (Technical Committee) Ms. Charo S. Barcinas (AC Energy) Mr. Rhovel Flores (Aboitiz Power Corp.) Ms. Wenelly Nicole Saunar (Aboitiz Power Corp.) Mr. Antonio Mercado (Panasia/Millennium Energy Inc)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Meeting Materials:</u> Annex B - matrix of proposed amendments</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> <i>Definition of Pmin and Pmax</i> <p>Mr. Habana (Vivant) asked whether the Pmin should be defined as the smallest Pmin among the individual generating units, as proposed, or the sum of the Pmin of all the generating units.</p> <p>Mr. Olmedo (IEMOP-Market Operator) explained: For example, a plant has three generating units with each having a Pmax of 50MW and Pmin of 20MW. If Pmin is defined as the aggregate of all Pmins of the 3 units, that will bring the plant's Pmin at 60MW. However, in case when 2 out of the 3 units tripped or was on outage, then the plant could only realistically offer its capacity at 50MW, which is less than its</p>

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	<p>recorded Pmin at 60MW. Thus, IEMOP also considered plants' capability at any given time in the proposed definition of Pmin.</p> <p>Mr. Olmedo further added that plants submit their registration capacity per unit during registration. There are cases where some plants request their registration capacity as the sum of all their generating units, so that is the time the Market Operator (MO) computes that plant's registered capacity as such.</p> <p>Mr. Rosales (NGCP-System Operator) added that aggregated Pmin is intended for plants with small capacities.</p> <p>Mr. Claudio (Panasia/MEI) agreed with the proposed Pmin definition and the answers of the MO and System Operator (SO). He added that because generating units are neither always available nor scheduled simultaneously, a generator's offer should range from the Pmin of its smallest unit to the aggregated Pmax of all its units.</p> <p>Ms. Javier (Aboitiz Power) asked what the purpose of the Pmin is in the New Market Management System (NMMS). Mr. Olmedo answered that, as of now, the information would be for the MO's registry, but it may also be used in preparation of the design of the Reserve Market, where there could be minimum loading during provision of ancillary services. Specifically, during instances where there is possible excess generation as determined during day-ahead projection (i.e., Pmin is more than projected demand), information on plants' Pmin will be used as basis since the NMMS considers all Pmin as 0MW.</p> <ul style="list-style-type: none"> • <i>Basis of registered capacity</i> <p>Mr. Rosales inquired if the proposed definition of Pmax is different from how it is currently understood. Mr. Omedo clarified that the proposed definition of Pmax is still consistent with the current requirement from the WESM Registration Manual, which is that the Pmax is based on the ERC-certified registered capacities indicated in the Certificate of Compliance (COC).</p> <p>Ms. Javier suggested to specify in the appropriate provision that the capacities are based not only on the COC but also on the Provisional Authority to Operate (PAO) or equivalent documents that the ERC may issue, in lieu of a COC. This is because there are new generators and</p>

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	<p>existing generators who applied to renew their COC, that are only granted with PAO.</p> <p>Mr. Bunyi (IEMOP-Market Operator) explained that the MO only considers the COC as the official basis of registered capacities. The MO treats the PAO as only for purposes of conducting test and commissioning, which means the capacities indicated therein may still change. However, the MO will consider Ms. Javier's suggestion.</p> <p>Mr. Olmedo added that the MO deems the issuance of PAO as only a temporary measure on the part of the ERC. But considering that this practice has been done for some time already, he concurs that it may be appropriate to indicate it as basis as well.</p> <p>Other than the PAO, Ms. Gregorio (IEMOP-Market Operator) clarified that the MO also receive submissions of ERC Certificate with Form 7 (General Plant Description) so she suggested not to limit the reference documents to the COC and the PAO.</p> <p>With the inputs given, the RCC agreed to amend WESM Registration Manual Section 2.5.4.2 to reflect the suggestions of Ms. Javier and IEMOP.</p> <ul style="list-style-type: none"> • <i>Real-Time Monitoring Location:</i> <p>Mr. Rosales asked if the proposed new Section 2.5.4.8 in the Market Network Model (MNM) Manual, which states that the generation company during its registration with the MO shall specify the location from where real-time data will be monitored, changes the current monitoring set-up as performed by the SO. He explained that if the location of the real-time monitoring facility is transferred to a point where the generating unit cannot comply with the dispatch schedule, there will always be an imbalance as reported by the SO. The SO's monitoring determines if a generating unit is compliant with dispatch schedule.</p> <p>Mr. Olmedo responded that there is already a mechanism in place regarding this process. The objective of the proposal is to clarify in the Manual what the registered data to be monitored are, so the MO and SO are consistent across all processes from scheduling, dispatch and compliance monitoring.</p>

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	<ul style="list-style-type: none"> <i>Difference between “market resource” and “market trading nodes” (MTN):</i> Mr. Olmedo explained that market resource refers to the objects being represented in the Market Network Model such as generators and loads, while MTNs represent the connection point where meters should be located for purposes of settlement. <i>SO’s provision of real-time data to the MO:</i> Mr. Rosales explained that the SO has capability to scan and continuously send real-time data every 1, 4 or 10 seconds. The MO may pick-up the real-time data, say every 10 seconds, depending on their configuration. Throughout this process the SO does not have intervention. If a monitoring facility does not update, the SO may manually encode the data but this task is very difficult, especially if the data is for every 5-minute interval. But the SO may send overridden data to the MO in certain instances, such as when a generating unit is under hard limit because it is designated as a must-run unit. Mr. Rosales inquired what the MO would do if it receives inaccurate real-time data or the data is unavailable. Mr. Olmedo explained that as soon the MO detects bad data, it immediately coordinates with the SO to mitigate the error from cascading to a larger set of intervals. Moreover, if the MO finds there is a discrepancy in the determination of prices and schedules because of an issue with the real-time data it received, the MO assesses what could have caused that discrepancy and how it impacted the prices and schedules. This process culminates with the publication of daily pricing errors. If it is determined that the discrepancy is due to non-updating real-time data but it has no significant impact based on criteria, then no pricing error will be declared. <i>Responsible entities for ensuring completeness, availability and accuracy of real-time data (proposed Sections 3.2.2, 5.10.2, 5.10.3 and 5.10.4 of MNM Manual)</i> The MO proposed that the SO, in coordination with Network Service Providers (NSP) and Trading Participants, is responsible for ensuring

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Philippine Electricity
Market Corporation

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	<p>completeness, availability and accuracy of real-time data in the market network model. Mr. Rosales commented that the SO and generating companies may be unable to comply with the responsibility since the provision of accurate data from non-updating real-time monitoring facilities is a manual and difficult task especially in a 5-minute market, unlike in a 1-hour market where the SO has time to update real-time data. Technical issues are also prone to happen. Moreover, the MO has a state estimator that could address inaccurate or unavailable data from non-updating real-time monitoring facilities so that “near real-time” data will be available.</p> <p>Mr. Olmedo clarified that the subject responsibility by the SO and generation companies was based on the WESM Dispatch Protocol Manual. He explained that the data required to run the state estimator are still being compiled with the SO. A decision was therefore made whereby during the initial implementation of the enhanced market design, real-time data will still be used because the information from the SO needed to run the state estimator are still being compiled.</p> <p>Mr. Olmedo also stated that the results of the limited live dispatch and operations (LLDO) from May 29 to June 4, 2021 showed that even though the MO picked up real-time data from the SO every 10 seconds, there were still some risk that real-time data were not obtained especially when there is communication link failure between the sites. To mitigate this, the MO had recommendations for the short-term: (i) on the side of the SO, it was agreed that the new dataset from eDNA (data management solution) will be used which has the mechanism to determine what caused erratic points, and (2) on the MO’s side, it is looking at the WAP and DAP procedures in which it could determine possible issues before the actual binding 5-minute real-time dispatch schedule is generated. The medium-term measure is the use of the state estimator which is targeted for implementation by the end of 2021.</p> <p>Mr. Cacho (IEMOP-Market Operator) agreed that remote terminal units (RTU) may break down but also remarked that the state estimator should not be relied upon since this is a mere process used by the system to calculate estimates. He commented that all stakeholders should ensure that there are improvements in the market, such as generation companies coordinating with the MO and SO to upgrade their RTUs.</p>

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	<p>Mr. Olmedo further clarified that when the proposal was being developed, the SO requested to make the generation companies also responsible for ensuring accurate real-time data, especially when the monitoring facility is inside the asset boundary of the generator. There are also provisions in the Manual that details the procedures on how generators could resolve inaccurate data. The MO is not responsible for overriding real-time data it receives from the SO and generating units. Instead, the MO coordinates with the SO to resolve any issue it finds after validation. This validation process supports the MO's responsibility in ensuring that it generates accurate prices and schedules. The MO posits that there should be accountability where the data comes from.</p> <p>Mr. Claudio commented that the owner of the real-time data is the SO, so it should be responsible for their completeness, availability and accuracy. As the owner of the data, the SO should have internal process for identifying, filtering out and correcting bad data. He opined that the MO's responsibility is to report to the SO any occurrence of receiving bad data.</p> <p>Mr. Rosales responded that though it is true that the SO owns the data, it cannot see in real-time whether the data is complete and accurate. Thus, the MO should also be responsible for real-time data accuracy since it is the SO's counter-part as the recipient of the data on the other end and is able to validate.</p> <p>Dr. Nerves commented that real-time data can only be identified as inaccurate or incomplete after the MO has received and assessed them, not immediately. The requirement for NSPs to provide accurate data is already embedded in their responsibility to ensure that their metering equipment are also accurate and working. This means that the responsibility for ensuring accurate and complete real-time data does not fall squarely on the SO.</p> <p>Mr. Gumalal remarked that real-time data is considered raw data coming from a device. If there is inaccurate data, it may be because there is a problem in the sensor or there is erratic data. Ensuring accuracy should be a shared responsibility between the SO and MO.</p>

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	<ul style="list-style-type: none"> <i>Updating the market network model</i> <p>Mr. Rosales asked about the objective of the proposed new in Section 5.10.2 and related provisions stating the responsibility of the SO on the accuracy of real-time data. Mr. Olmedo explained that the network model was initially a static model based on the transmission model of the NGCP. It has been updated incrementally every time there are new generators, transmission lines, breakers, etc. and how they are connected. This updated model is further revised through the real-time data to reflect the configuration status of breakers, lines, or transformers, as well as the availability of generators. The MO and SO already has an established process like timelines and approval procedures to ensure that their network models are synchronized at all times.</p> <p>However, the initial versions of the MNM Manual only describe the static model and do not provide details on how it is updated. The intent of the proposal is to clarify the procedures on how the real-time power system model is built and updated as input to the determination of prices and schedules. Since the process is concerned with real-time data, it is necessary that who should be accountable on their availability and accuracy is included in the provisions.</p> <i>Representation of battery energy storage system (BESS) and pumped-storage units (PSU) market resources</i> <p>The Technical Committee (TC) suggested revisions to Section 4.4.4 of the MNM Manual stating that BESS are capable of injecting and withdrawing “constant” power to or from the network, to which IEMOP did not agree. With this, Prof. Orillaza (Technical Committee) inquired how BESS, at any instant, are currently modelled in the MNM. He opined that injections of batteries are constant at a given instance, though the value of its injections may vary in the next instance. This is differentiated from constant current model because there are batteries whose withdrawals are constant.</p> <p>Mr. Claudio inquired whether the term “constant” describes the manner of modelling the BESS as energy resource or the manner of withdrawing or injecting power from the system. He explained that if the battery provides regulating reserve service, then it does not inject</p>

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	<p>or withdraw constant power in a 5-minute trading interval since it responds to the frequency fluctuation.</p> <p>Mr. Bunyi explained that the comment of the TC, that BESS injects or withdraws “constant” power, is based on the perspective of power flow, but the perspective of the MO is on economic dispatch. What the MO aims to convey in the description for modelling BESS is that, compared to loads, batteries are active resource in the scheduling process such that their schedules are affected by their market bids, whether they inject or withdraw from the grid.</p> <p>Mr. Olmedo also responded that anything modelled in the MNM simply uses real megawatt power. He further explained that in the current system, there are only either generators or loads representing one facility. Under this set-up, the MO needs to model one generator and one load (two resources) in order to model BESS and PSU since they can inject and withdraw from the grid. The proposal then clarifies that in the new system, the resource modelling for BESS and PSUs represents only one facility capable of both injecting or withdrawing from the grid at any time. This dual capability is also translated to their market offers and scheduling where they can be treated as either charging or discharging. A BESS may declare at what price it wants to charge, like in demand bidding, while PSUs are price-takers.</p> <p>As regards scheduling of BESS and PSUs, Mr. Rosales asked whether it is easy to distinguish when they are either injecting or withdrawing from the grid considering that they will be modelled as a single facility. Mr. Olmedo affirmed that they are distinguishable, in which injections have positive values and withdrawals have negative values. If the BESS is a regulation provider, the new system can now reflect the entire range of positive and negative values, say from -10MW to +10MW, equivalent to the entire 20MW capacity. This is different from the current system where only positive values can be reflected since it is only considered as generation.</p> <p>With the IEMOP’s explanations found acceptable, the RCC adopted the proposal (i.e., revision in the title of Section 4.4.4 only).</p>

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	<ul style="list-style-type: none"> • <i>Market Impact Studies</i> <p>Mr. Olmedo explained that market impact studies are conducted to evaluate the effect of including a facility as part of the power system on scheduling, dispatch and pricing (on either locational or marginal prices). If a facility is found to not have or only a minimal impact on the prices, then including it in the MNM is not necessary.</p> <p>Mr. Bunyi clarified that market impact studies conducted by the MO are technical in nature and are intended to be submitted and presented to WESM governance entities. The MO leaves to the discretion of the governance bodies whether to publish the study for information of the general public, or not. To provide further context, Mr. Olmedo added that the DOE and ERC had in the past instructed the MO to study the integration of MERALCO and other distribution utilities in the MNM. Since the DOE and ERC are the ones who issued the directive, the MO proposed that they also be included, in addition to the PEM Board, in the decision-making on the publication of the studies.</p> <p>Mr. Rosales inquired if confidentiality may be breached if the results of the study is published and it contains assessment on the impact on prices. Mr. Olmedo responded that it is up to the governance bodies if the study is confidential or not, but the requirement is to submit the studies to them.</p> <p>Regarding the standing issue on the integration of MERALCO in the MNM, Mr. Morales asked if the proposal will prejudice MERALCO's position that its network is confidential. Mr. Olmedo explained that the MO executed a non-disclosure agreement in 2012 and 2018 regarding this matter. There was an understanding that both IEMOP and MERALCO need to agree first on the results of the assessment before it is provided to the DOE, ERC and PEM Board.</p> <p>The RCC agreed to amend Section 4.6.3 in the MNM Manual to clearly reflect that results of market impact studies shall be submitted to the DOE, ERC and PEM Board and may be published in the market information website as required by the DOE, ERC or the PEM Board.</p>

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	<ul style="list-style-type: none"> • <i>Modelling of Embedded Generators</i> <p>Mr. Rosales commented that the proposal in Section 5.3.2 in the MNM Manual that reflects the manner of modelling embedded generators (as connected to the nearest substation) may eventually result to leniency in requiring the modelling of distribution networks in the MNM. Modelling the distribution networks is very important since how they are represented have impact on prices. Prof. Orillaza agreed and added that including the process for the simplification of downstream network in the Manual is not necessary.</p> <p>Mr. Claudio opined that the proposal merely intends to provide a basis for the MO to simplify representations of market resources in the MNM since currently there is none. Otherwise, this may result to findings during conduct of audits. Mr. Olmedo concurred that the proposal simply provides more details on the simplification or approximations performed by the MO.</p> <p>On the matter of requiring the modelling of distribution utilities raised by Mr. Rosales, Mr. Olmedo stated that such requirement still stands. This has been a subject of MO audit findings and discussions are continuously being undertaken to address it. Mr. Olmedo stressed that the requirement to accurately represent the power system in the MNM will always be present, which inevitably raises the question on whether the model needs further details to reflect the loop connections including distribution utilities.</p> <p>Prof. Orillaza asked how modelling is done for loop connected distribution networks. Mr. Olmedo explained that for loop or distribution networks, the MO looks at the existing model and evaluates which nearest substation that network is normally connected based on the information provided to the MO and its coordination with the SO, the distribution utility, or the electric cooperative. He added that a network may also be connected to other substations but only for contingency.</p> <p>Regarding the subject provision itself, Section 5.3.2 in the MNM Manual, MEI proposed the following amendments:</p> <p><i>“xxx Such simplifications are listed, but not limited to the following conditions.</i></p> <p>xxx</p>

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	<p><u>d) Representation of downstream generating units with limited real-time monitoring facilities such as in cases of embedded generators where there is limited availability of real-time monitoring facilities between the transmission system's main substation and the generator, in which case, the Market Operator may model the generating unit at the nearest MNM substation to which it is operationally indirectly connected. The following illustration shows an example of this case:</u></p> <p><u>e) Representation of downstream generating units located in a distribution network that is not reflected in the market network model. The Market Operator may model the generating unit at the nearest MNM substation to which it is operationally indirectly connected.</u></p> <p>Mr. Rosales commented that the phrase "indirectly connected" does not accurately describe the representation of embedded generators in the MNM since they are modelled as connected to the substation. Mr. Claudio explained that the phrase "indirectly connected" is more appropriate to describe the connection of embedded generators in the MNM since and this is more consistent with the definition of embedded generators in both the Philippine Grid Code and the WESM Rules-- that is, embedded generators are generating units which are indirectly connected to the grid through the distribution lines.</p> <p>Noting the inputs, Ms. de Castro suggested revision to Section 5.3.2:</p> <p>xxx</p> <p><u>d) Representation of downstream generating units with limited real-time monitoring facilities such as in cases of embedded generators where there is limited availability of real-time monitoring facilities between the transmission system's main substation and the generator, in which case, the Market Operator may provisionally model the generating unit at the nearest MNM substation to which it is operationally indirectly connected. The following illustration shows an example of this case:</u> xxx</p> <p>Mr. Rosales agreed with the change. As an additional note, Mr. Bunyi expounded that the MO already has existing procedures to immediately implement changes to the MNM as soon as there are updates to the network configurations. To emphasize that distribution utilities and electric cooperatives are still required to be modelled in the MNM despite the MO's MNM simplification procedures, Mr. Olmedo raised that the WESM Rules has a provision which states that Network Service Providers shall provide standing network data relating to all network elements under their control (Clause 3.5.2).</p>

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	<p>Prof. Orillaza requested IEMOP to provide another illustration for modelling loop distribution utilities, to which the IEMOP agreed.</p> <p>Mr. Rosales explained the modelling of a loop network: For example, there is a point A and point B connected with a line, with an embedded generator connected in the middle forming a loop. This means that if power trips in point A, power may flow to point B, or vice versa. If the embedded generator is modelled as connected to the nearest substation, say point A, and it trips, the model might show that the embedded generator can no longer generate output but in reality, it can still provide power flowing to point B. If the DU network is not modelled, it is hard to identify directly where the embedded generator can still realistically provide power and bump off other generating units.</p> <p>The RCC adopted the following change in Section 5.3.2:</p> <p><i>“xxx Such simplifications are listed, but not limited to the following conditions.</i></p> <p>xxx</p> <p><u>d) Representation of downstream generating units with limited real-time monitoring facilities such as in cases of embedded generators where there is limited availability of real-time monitoring facilities between the transmission system’s main substation and the generator, in which case, the Market Operator may model the generating unit at the nearest MNM substation to which it is operationally indirectly connected. The following illustration shows an example of this case:</u></p> <p>xxx</p> <p><u>d) Representation of downstream generating units with limited real-time monitoring facilities such as in cases of embedded generators where there is limited availability of real-time monitoring facilities between the transmission system’s main substation and the generator, in which case, the Market Operator may <u>provisionally</u> model the generating unit at the nearest MNM substation to which it is operationally indirectly connected. The following illustration shows an example of this case:</u> xxx</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> The RCC provisionally approved the proposal subject to IEMOP’s submission of further revisions to the MNM Manual to reflect the following:





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	<ul style="list-style-type: none"> ○ Responsibilities of the MO in relation to Sections 3.2.2, 5.10.2, 5.10.3, and 5.10.4; ○ Deletion of Section 6.4.5, if deemed redundant; and ○ Another example for modelling loop distribution network in the Annex <ul style="list-style-type: none"> ● Revisions/refinements on the proposal will be for further discussion in the next scheduled RCC meeting.
<p>6.2. Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)</p>	<p><u>Presenter:</u> Ms. Valfia U. Gregorio (IEMOP - proponent)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Meeting Materials:</u> Annex C - matrix of proposed amendments</p> <p><u>Proceedings:</u></p> <p>The RCC considered the comments received from PEMC, Aboitiz Power, AC Energy and MERALCO and the proponent's response.</p> <p>On Section 2.9.4 in the Registration Manual, which provides that a Trading Participant may rectify or remedy its non-compliance with requirements to be continuously eligible as a WESM Member, Ms. Gregorio clarified that the non-compliant Trading Participant has 30-calendar days to submit necessary documents in order to comply with the relevant requirements. If the concerned Trading Participant did not take any action to be compliant within that period, the MO shall proceed to coordinate with the concerned NSP to confirm if the Trading Participant is still connected to its network. The NSP has 30-calendar days to provide the necessary information to the MO. Once the MO receives the NSP's confirmation that the TP is no longer connected to its power system, the MO shall proceed to notify the TP of its cessation (procedures in Sections 2.9.4 to 2.9.8).</p> <p>The RCC approved the proposal, as amended.</p>

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	<p><u>Resolution:</u></p> <p>The RCC approved the proposal, as amended. The corresponding resolution to be endorsed to the PEM Board shall be reviewed for approval by the body in the next meeting.</p>
<p>6.3. Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03A)</p>	<p><u>Presenters:</u></p> <p>Ms. Valfia U. Gregorio (IEMOP - proponent) Atty. Sheryll M. Dy (IEMOP - proponent)</p> <p><u>Commenter:</u> Mr. Aldjon Kenneth M. Yap (PEMC)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Meeting Materials:</u> Annex D - matrix of proposed amendments</p> <p><u>Proceedings:</u></p> <p>The subject proposal was remanded by the DOE with the instruction to provide clear limitation on the scope relative to allowing replacement power contracts to be accounted in WESM Settlement. The RCC considered the comments received from PEMC and the Technical Committee, and IEMOP's response.</p> <p>PEMC disagreed with the proposal in Section 3.5.1.2 in the Registration Manual to no longer require the provision to the MO of a copy of the supply contract. Mr. Yap (PEMC) explained that the supply contract or ERC-approved Power Supply Agreement (PSA) should be used as reference for validation of bilateral contract quantity enrollment. The absence of a reference contract opens the possibility of over-declaration or under-declaration of bilateral contract quantities (BCQ) which could impact WESM settlement that is ultimately paid for by the consumers (via line rental component). It should be considered as well that the market allows automatic confirmation of BCQ declaration which many customers and distribution utilities understandably prefer since manual confirmation could be a tedious process on their part. However, under this mode of confirmation, there is no layer of validation or checking of the BCQ declared. There are also instances where some Trading Participants were allowed to declare BCQ without any supply contracts enrolled with the MO.</p>



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	<p>In response, Mr. Bunyi stated that the removal of the copy of supply contracts as one of the requirements was already approved by the PEM Board and endorsed to the DOE. Also, as far as the MO is concerned, the parties agree on the mode of confirming the BCQ when their supply contract is enrolled in the market. Another point is that the MO is not privy to the PSA of the parties. He also opined that it is not for the MO to enforce the terms of the PSA, but it should be the parties themselves.</p> <p>Mr. Morales commented that the MO does not seem to have a process for validating BCQs, nor does it have the time to do so. Further, validation of BCQs requires full understanding of the entire contract to ascertain whether or not there is an occurrence of over-declaration.</p> <p>Mr. Yap stated that PEMC recognizes there currently is no process for the MO's validation of BCQ declaration but there will be a forthcoming proposal on this which makes use of the copy of supply contracts.</p> <p>Regarding the Mr. Yap's statement that some Trading Participants do not enroll their supply contract and yet was able to declare BCQ, Ms. Rivera (TeaM Energy) remarked that submission of supply contracts to the MO is usually a continuing compliance which the MO follows-up with the participant until it is able to comply. As to the Mr. Yap's contention relative to the possibility of over-declaration or under-declaration adversely affecting consumers, Ms. Rivera added that the participants are bound by their contracts and there should not be any issue as long as the participant properly settle the market exposure.</p> <p>Ms. Rivera likewise stated that there are already wholesale and retail counter-party forms or information sheet being submitted to the MO when a participant registers its bilateral contacts to be accounted in its transactions. These already contain necessary information that could be used to validate contracts between Trading Participants. Mr. Yap confirmed that there are such forms submitted by participants to the MO, but they cannot be considered as supply contracts approved by the ERC. He added that since the MO will be requiring a copy of supply contracts for generators with replacement power arrangement anyway, then it should not be hard to just continue requiring a copy of the supply contract for other arrangements as well.</p> <p>Ms. Gregorio reiterated the MO's position that the parties already agree on the mode of confirming their BCQs and that should be</p>

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	<p>sufficient. Further, the reason why the MO is requiring a copy of the supply contract for replacement power arrangements is because it has no other way to validate whether two generators' transactions is only for replacement power. She added that the MO does not expect there are many replacement power supply contracts anyway.</p> <p>Atty. Dy (IEMOP-Market Operator) commented that there is merit to the concern raised by PEMC but this topic is not related to the proposal at hand and suggested to take it up in another discussion. As already mentioned, the MO does not currently have the obligation to validate BCQ declaration against the PSA. The MO also relies on the counter-party agreement form submitted and counter-signed by both parties as far as their contract quantity agreement is concerned.</p> <p>The RCC agreed to adopt the MO's proposed amendments to Section 3.5.1.2 in the Registration Manual, including the removal of the copy supply contracts as one of the requirements in registering supply customers.</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> • The RCC approved the proposal, as amended. The corresponding resolution to be endorsed to the PEM Board shall be reviewed for approval by the body in the next meeting. • RCC noted PEMC's recommendation to retain the provision requiring submission of a copy of supply contract during registration for the validation of BCQ declarations and the position of MO that deletion of the same has already been approved by the PEM Board based on rationale and justifications provided during discussions of the same.
<p>6.4. PEM Board-Approved Proposed Amendments to the WR and WM on Information Disclosure and Confidentiality re Exceptions for Confidentiality Undertakings for Oversight Bodies (DOE-Remanded Proposal)</p>	<p><u>Presenters:</u> Ms. Kathleen R. Estigoy (RCC Secretariat) Mr. Julius Eleazar A. Bunyi (IEMOP - proponent) Ms. Valfia U. Gregorio (IEMOP - proponent) Atty. Sheryll M. Dy (IEMOP - proponent)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p>

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	<p><u>Proceedings:</u></p> <p>The DOE remanded the subject proposal with the comment that the existing rules on confidentiality, as they are, already protects the confidentiality of market information.</p> <p>Atty. Dy and Mr. Bunyi relayed the MO's position which is for the RCC to adopt their original proposal wherein:</p> <ul style="list-style-type: none"> (i) only the DOE and ERC, not including PEMC, are exempted from executing a non-disclosure agreement in receiving confidential information from the MO; (ii) there was no Section 5.4.3 which states that the MO shall request the DOE and ERC treat confidential market information as such; and (iii) there was no Section 5.4.4 which states that PEMC and the MO shall execute a general non-disclosure agreement covering all confidential information PEMC received from the MO. <p>Atty. Dy further explained that the confidential market data the MO provides to the DOE and ERC are automated so Section 5.4.3 cannot be implemented.</p> <p>The RCC noted the MO's position but agreed to continue the deliberation of the matter in the next meeting due to time constraints.</p> <p><u>Resolution:</u></p> <p>The RCC deferred deliberating matter to the next scheduled RCC meeting due to time constraint.</p>
<p>6.5. Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)</p>	<p><u>Presenters:</u></p> <p>Prof. Felixberto Bustos, Jr. (PEM Audit Committee) Mr. Bienvenido C. Mendoza, Jr. (PAC Secretariat) Mr. John Brian J. Infantado (PAC Secretariat)</p> <p><u>Action Requested:</u> For approval to endorse to the PEM Board</p> <p><u>Meeting Materials:</u> Annex E - matrix of proposed amendments</p> <p><u>Proceedings:</u></p>

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	<p>The subject proposal was remanded by the DOE on 21 April 2021 for the proponent to align the PAC Manual with the DOE's position and comments in some portions of the proposal. The DOE's comments and the PAC's response are detailed below:</p> <p>1) <i>DOE comment: The conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and difficulty of the audit.</i></p> <p>Prof. Bustos explained that the PAC has been conducting audits either by engaging services from external parties or through IEMOP's change management process. But sometimes there are difficulties in engaging independent auditors. To address this, the PAC is proposing to also have the option, aside from getting external auditors, to deputize PEMC's Internal Audit Department to conduct audit depending on the scope, difficulty, and time constraints of an audit project.</p> <p>The RCC agreed with the corresponding revisions to the PEM Audit Manual Section 4.1.</p> <p>2) <i>DOE comment: The proposed use of the term "periodic" is acceptable in the WESM Rules, but this should be specified in detail in the PEM Audit Manual to ensure regularity in the conduct of the audit. Hence, the DOE enjoins the proponent to identify the necessary frequency of the conduct of various audits being done in the WESM.</i></p> <p>Prof. Bustos explained that the original PAC Manual indicates that audits should be done annually, which it proposed to revise to specify that audits be done "periodically". This is because based on experience, audit projects tend to encounter delays in terms of procurement, conduct of audit itself, pandemic, etc. which hindered audits from being conducted annually. Prof. Bustos proposed that audits be conducted periodically every three (3) years with an option to reduce or lengthen the interval between the conduct of audit, considering the results of the past three (3) audits and that the auditee has demonstrated an acceptable level of maturity in terms of their compliance with the market rules and relevant standards (i.e., minimal or no findings).</p>



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	<p>Mr. Fortich asked if the audit conducted by the PAC are comprehensive in which case the duration of the audit may indeed take longer than a year. Prof. Bustos responded that the audits are specific, such as MO audit, MSP audit and software audit.</p> <p>The RCC agreed to further revise Sections 5.2.1, 5.4.4 and 5.5.1, for clarity:</p> <p><u>The PEM Audit Committee shall conduct periodic audits <i>at least once at intervals not exceeding three years from the last audit considering the results of past audits that indicate that</i> xxx</u></p> <p>3) <i>DOE comment: The proposed conduct of an audit of the Central Registration Body (CRB) including its systems and procedures pursuant to the proposed amendments to the PEM Audit Committee Market Manual, specifically on Section 5.5, should consider that the CRB is part of the function of the Market Operator. In this regard, the DOE recommends revisiting the said proposed amendment such that the audit will be more cost-effective if the same can form part of the Market Operator audit.</i></p> <p>Mr. Infantado explained that the audit of the CRB is included in the MO audit since the CRB's function is currently a part of the function of the MO. However, the PAC's position is to retain the original proposal, wherein there is a separate provision for the audit of the CRB, because the Retail Rules identifies the CRB as a separate entity from the MO.</p> <p>The PAC retained the original proposed provision, Section 5.5.1 of the PAC Manual, but added a statement to include the frequency of the audit of the CRB.</p> <p>The RCC agreed with the revisions.</p> <p><u>Resolution:</u></p> <p>The RCC approved the proposal, as amended. The corresponding resolution to be endorsed to the PEM Board shall be reviewed for approval by the body in the next meeting.</p>



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<p>6.6. Review of the RCC Internal Rules (per 2021 RCC Work Plan)</p>	<p><u>Presenter:</u> Ms. Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval</p> <p><u>Proceedings:</u></p> <p>Ms. Estigoy presented the RCC Secretariat's proposed amendments to the RCC's Internal Rules. Review of the Internal Rules is part of the RCC's 2021 Work Plan to be accomplished by June 2021.</p> <p>Highlights of the changes are as follows:</p> <ul style="list-style-type: none"> • change in the definition of "meeting" to consider conduct of virtual meetings; • change in the definition of "committee documents" to align with the description of RCC documents from the Rules Change Manual; • manner of determining quorum during virtual meetings; • procedures for tackling urgent matters (distinct from urgent amendments) where the RCC may decide on the matter through either online means outside a meeting, or in a meeting; • provision for inviting parties who submitted comments to a proposal to attend RCC meetings; • removal of RCC members' responsibility to authenticate committee documents since they are not the custodian of said documents; <p>Ms. Estigoy inquired if the RCC is amenable to having sectoral representatives also represent the committee in PEM Board and PEMC activities since currently, only the independent members are obligated to do so. The RCC agreed that if none of the independent members are available, then any of the sectoral members may instead be asked to present proposals before the PEM Board. Mr. Castro (Independent) recalled this had actually happened in the past where Ms. Javier, a generation sector representative, had to present a proposal during the PEM Board meeting. Ms. Tanglao also stated that sectoral members could also be asked to present before the PEM Board if the proposal is technical in nature.</p>



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	<p><u>Resolution:</u></p> <p>The RCC approved the changes to the Internal Rules, as amended. The corresponding resolution shall be reviewed for approval by the body in the next meeting.</p>						
VII. Other Matters							
.1. Updating of Market Rules and Manuals in the PEMC website for EWDO Implementation	<p><u>Presenter:</u> Ms. Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Resolution:</u></p> <ul style="list-style-type: none"> The RCC noted the information provided regarding the Secretariat's meeting with DOE Representatives to the RCC held on 09 June 2021. The RCC noted that the new-look of WESM Rules and Manuals for the enhanced WESM design and operation (EWDO) will be published prior Go-Live subject to DOE's promulgation of the DOE Department Circular on the commencement of EWDO. 						
.2. Updates on Proposals:	<p><u>Presenter:</u> Ms. Dianne L. de Guzman (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>The RCC acknowledged the updates from the Secretariat, as follows:</p> <table border="1"> <thead> <tr> <th>A. On-going Rules Change Proposal</th><th>Update</th></tr> </thead> <tbody> <tr> <td>Proposed Amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members</td><td>Deferred on 24 April 2020 subject to promulgation of DOE DC on T&C</td></tr> <tr> <td>Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing</td><td>Deferred while waiting of DOE's response to IEMOP's letter</td></tr> </tbody> </table>	A. On-going Rules Change Proposal	Update	Proposed Amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members	Deferred on 24 April 2020 subject to promulgation of DOE DC on T&C	Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing	Deferred while waiting of DOE's response to IEMOP's letter
A. On-going Rules Change Proposal	Update						
Proposed Amendments to the WESM Registration Manual for General Enhancements to the Application Process of New WESM Members	Deferred on 24 April 2020 subject to promulgation of DOE DC on T&C						
Proposed Amendments to the WESM Rules, WESM Manual and Retail Manual on Validation Timeline Adjustment in Metering and Billing	Deferred while waiting of DOE's response to IEMOP's letter						

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	Proposed General Amendments to the WESM Rules and WESM Manuals regarding Market Operator and System Operator Procedures	Commenting period on-going until 06 July 2021
	B. Remanded Proposals by the DOE	
	RCC Resolution 2019-04: Proposed Amendments to Provisions related to Audit and Performance Monitoring under the WESM Rules, Retail Rules, PEM Audit Manual and Guidelines Governing the Constitution of PEM Board Committees	<ul style="list-style-type: none"> Received letter from DOE dated 21 April 2021 remanding the proposal Approved by the RCC during its 180th RCC Meeting (18 June 2021) the revised proposed amendments, as amended.
	RCC Resolution 2020-02: Proposed Amendments to the WESM Rules and WESM Manual on MO Information Disclosure and Confidentiality to Provide Exceptions for Confidentiality Undertaking for Oversight Bodies	<ul style="list-style-type: none"> Received letter from DOE on 28 May 2021 (letter dated 20 May 2021) remanding the proposal RCC deferred the review for the next scheduled meeting during its 180th RCC Meeting (18 June 2021).
	C. PEM Board Updates (Rules Change Proposals)	
	RCC Resolution No. 2021-04: Addition to RCC Resolution No. 2020-14 on the Proposed WESM Rules and WESM Manual on Procedures for Changes to the WSM Rules, Retail Rules and Market Manuals	Submitted to DOE last 11 June 2021 (letter dated 10 June 2021) for information.
	RCC Resolution No. 2021-05: Proposed Urgent Amendments to WESM Rules and WESM Manual on Constraint Violation Coefficients and Pricing Re-runs, Issue 6 to Harmonize with ERC	Submitted to ERC and DOE last 11 June 2021 (letter dated 10 June 2021) for information.

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	Directives on Automatic Pricing Re-runs for Under-generation and Over-generation	
	RCC Resolution No. 2021-06: Proposed Amendments to the WESM Rules and WESM Manuals regarding Clarifications on Indirect WESM Membership	<ul style="list-style-type: none"> • Approved by the RCC during its 180th RCC Meeting (18 June 2021), as amended. • For presentation to BRC and PEMB on 21 June 2021 and 30 June 2021, respectively.
	RCC Resolution No. 2021-07: Proposed Amendments to the WESM Manual on Dispute Resolution	<ul style="list-style-type: none"> • Approved by the RCC during its 180th RCC Meeting (18 June 2021), as amended. • For presentation to BRC and PEMB on 21 June 2021 and 30 June 2021, respectively.
	RCC Resolution No. 2021-08: Revisions to RCC Resolution No. 2019-19 on the Proposed Revisions to the WESM Rules and New WESM Compliance Officers (WCO) Certification and Registration Manual	RCC deferred the review to the next scheduled meeting during its 180 th RCC Meeting (18 June 2021).
.3. DOE Public Consultation Updates	<p><u>Presenter:</u> Ms. Melanie Papa (DOE Observer)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <ul style="list-style-type: none"> • The RCC noted the following: <ul style="list-style-type: none"> ○ DOE's Scheduled Public Consultation for the Proposed Amendments to the WESM Rules and Manuals re: Rationalization of Billing Timelines on 29 June 2021, 02 July 2021, 06 July 2021 for Luzon, Visayas and Mindanao, respectively. 	



MEETING MINUTES

Subject/Purpose : 180th Rules Change Committee Meeting
 Date & Time : 18 June 2021, 09:00
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Agenda	Agreements / Action Taken / Action Required
	<ul style="list-style-type: none"> ○ DOE's newly signed Department Circulars awaiting publication: <ol style="list-style-type: none"> 1. DC2021-06-0012: Adopting Further Amendments WESM Rules, Retail Rules and Various Market Manuals for the Implementation of Enhancements to the WESM Design and Operations (Provisions to Promote Participation in the Retail Competition) 2. DC2021-06-0013: Adopting a General Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network
VIII. Next Meeting	
Schedule of Meetings	<p><u>Presenter:</u> Ms. Kathleen R. Estigoy (RCC Secretariat)</p> <p><u>Action Requested:</u> For information</p> <p><u>Proceedings:</u></p> <p>The RCC noted the schedules of the following meetings:</p> <ul style="list-style-type: none"> • RCC Regular Meetings: <ul style="list-style-type: none"> ○ 16 Jul 2021 ○ 20 Aug 2021 ○ 17 Sep 2021 • Board Review Committee Meeting – 21 June 2021, Wednesday, 9:00AM • 37th PEM Board Meeting – 30 June 2021, Wednesday, 9:00AM • Annual General Membership Meeting (AGMM) – 21 July 2021, Wednesday
IX. Adjournment	The meeting was adjourned at 05:41 PM, with 11 principal members and 2 alternate members present.

MEETING MINUTES

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Philippine Electricity
Market Corporation

Prepared by:


DIVINE GAYLE C. CRUZ
Specialist, Rules Review Division
Market Assessment Group


Reviewed by:


KAREN A. VARQUEZ
Manager, Rules Review Division
Market Assessment Group

Noted by:

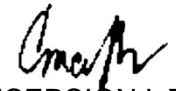

JOHN MARK S. CATRIZ
Head, Market Assessment Group

Approved by:


MAILA LOURDES G. DE CASTRO
Chairman, Independent


FRANCISCO LEODEGARIO R. CASTRO, JR.
Member, Independent


ALLAN C. NERVES
Member, Independent


CONCEPCION I. TANGLAO
Member, Independent

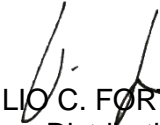

DIXIE ANTHONY R. BANZON
Member, Generation Sector
Masinloc Power Partners Co. Ltd. (MPPCL)


CHERRY A. JAVIER
Member, Generation Sector
Aboitiz Power Corp. (APC)


CARLITO C. CLAUDIO
Member, Generation Sector
Millennium Energy, Inc. / Panasia Energy, Inc.
(MEI/PEI)

MARK D. HABANA
Member, Generation Sector
Vivant Corporation – Philippines (Vivant)


RYAN S. MORALES
Member, Distribution Sector


VIRGILIO C. FORTICH, JR.
Member, Distribution Sector



MEETING MINUTES

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Manila Electric Company (MERALCO)

A handwritten signature in black ink, appearing to read 'Ricardo G. Gumalal', is positioned above the printed name.

RICARDO G. GUMALAL
Member, Distribution Sector
Iligan Light and Power, Inc. (ILPI)

Cebu III Electric Cooperative, Inc. (CEBECO III)

A handwritten signature in black ink, appearing to read 'Nelson M. Dela Cruz', is positioned above the printed name.

NELSON M. DELA CRUZ
Member, Distribution Sector
Nueva Ecija II Area 1 Electric Cooperative, Inc.
(NEECO II – Area I)

A handwritten signature in black ink, appearing to read 'Lorreto H. Rivera', is positioned above the printed name.

LORRETO H. RIVERA
Member, Supply Sector
TeaM (Philippines) Energy Corporation (TPEC)

A handwritten signature in blue ink, appearing to read 'Isidro E. Cachao, Jr.', is positioned above the printed name.

ISIDRO E. CACHO, JR.
Member, Market Operator
Independent Electricity Market Operator of the
Philippines (IEMOP)

A handwritten signature in black ink, appearing to read 'Ambrocio R. Rosales', is positioned above the printed name.

AMBROCIO R. ROSALES
Member, System Operator
National Grid Corporation of the Philippines
(NGCP)

A small, handwritten signature in black ink is located at the bottom left of the page.

Annex A – Registration Updates

1. List of electric cooperatives registered as Indirect WESM Members

ORGANIZATION NAME	SHORT NAME
Central Pangasinan Electric Cooperative, Inc.	CENPELCO
Pangasinan I Electric Cooperative, Inc.	PANELCO1
Benguet Electric Cooperative, Inc.	BENECO
Camarines Sur III Electric Cooperative, Inc.	CASURECO3
Zambales I Electric Cooperative, Inc.	ZAMECO1
Aurora Electric Cooperative, Inc.	AURELCO
Pampanga Rural Electric Service Cooperative, Inc.	PRESCO
Pampanga I Electric Cooperative, Inc.	PELCO1
San Jose City Electric Cooperative, Inc.	SAJELCO
Ifugao Electric Cooperative, Inc.	IFELCO
Quirino Electric Cooperative, Inc.	QUIRELCO
Zambales II Electric Cooperative, Inc.	ZAMECO2
Nueva Viscaya Electric Cooperative, Inc.	NUVELCO

2. Updates on the submission of requirements of the unregistered loads

ISSUE 1: UNREGISTERED LOADS

STATUS OF REGISTRATION OF UNREGISTERED LOADS

UNREGISTERED LOAD	CURRENT DIRECT MEMBER	SUBMITTED	PENDING REQUIREMENTS
Pantabangan Municipal Electric Services	First Gen Hydro Power Corporation	3/11	AOI, SEC Cert, Sec Cert, Cert of Franchise, TSA, MSA, Counterparty Form, Metering info
NIA UPRIIS		3/11	MPA, SEC Cert, DCC Cert, TSA, MSA, Contact info, Counterparty Form, Metering info
Forest Products Research and Development Institute	Therma Luzon, Inc.	4/11	MPA, DCC Cert, TSA, MSA, Contact info, Counterparty Form, Metering info
Altima Empire Steel Corporation	San Miguel Energy Corporation	10/11	Metering info (from MSP)
Centerra Ice Plant & Cold Storage, Inc.		8/11	MPA, DCC Cert, Metering info
Kabayan Ice Plant		8/11	MPA, DCC Cert, Metering info
Pampanga III Electric Cooperative, Inc.		6/13	MPA, Cert of Registration, Sec Cert, Contact info, Metering info, Settlement info, PR
Grand Planters International, Inc.		7/11	MPA, DCC Cert, Contact info, Metering info
RJS Commodities		9/11	Contact info, Metering info
Real Steel Corporation		10/11	Metering info

Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
Other Considerations	2.5.4.2.	Aggregation of Generating Units <i>A Generation Company</i> that owns multiple <i>generating units</i> located in a single generating station shall, upon application, inform the <i>Market Operator</i> if it wishes to have an aggregated representation for such <i>generating units</i> in the <i>market network model</i> . The <i>Applicant</i> , the <i>Network Services Provider</i> ,	Aggregation of Generating Units <i>A Generation Company</i> that owns multiple <i>generating units</i> located in a single generating station shall, upon application, inform the <i>Market Operator</i> if it wishes to have an aggregated representation for such <i>generating units</i> in the <i>market network model</i> . The <i>Applicant</i> , the <i>Network Services</i>	Clarify how Pmin and Pmax are determined for aggregated generating units				Approved as revised xxx <u>Should the technical information contained in the Certificate of Compliance or Provisional Authority to Operate (PAO) or ERC Certificate with appropriate exhibit issued by the ERC indicate details per generating unit, the following shall be observed when reflecting the aggregated facility's registered capacity:</u>

Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
		<i>Metering Services Provider, System Operator and the Market Operator shall agree on the manner of aggregated representation in accordance with the procedures set forth in relevant Market Manuals.¹⁶</i>	<i>Provider, Metering Services Provider, System Operator and the Market Operator shall agree on the manner of aggregated representation in accordance with the procedures set forth in relevant Market Manuals.¹⁶</i> <u>Should the technical information contained in the Certificate of Compliance issued by the ERC indicate details per</u>					xxx



Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
			<p><u>generating unit, the following shall be observed when reflecting the aggregated facility's registered capacity:</u></p> <p>a. <u>Maximum Stable Load (or P_{max}) shall be based on the sum of the individual generating unit's maximum capacity; and</u></p> <p>b. <u>Minimum Stable Load (or P_{min}) shall be based on</u></p>					



Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
			<u>the smallest <i>Pmin</i> among the individual generating units.</u>					
Other Considerations	2.5.4.7	(NEW)	<p><u>2.5.4.7 Real-Time Monitoring Location</u></p> <p><u>During the registration of the generating unit, the Generation Company shall specify if its real-time monitoring will be at the gross MW output of the generating unit or at the same location as its market trading node, which is at its connection</u></p>	Require the generation company to provide the Market Operator information on the location of its real-time monitoring facilities to more efficiently facilitate its accurate inclusion in the MNM	<p>PEMC:</p> <p>1. Section 2.5.4.7 will become Section 2.5.4.8, in view of urgent amendments proposing for Section 2.5.4.7 as clarified during RCC's Urgent Meeting on 26 March 2021.</p> <p>2. Proposed discussing the whole</p>	<p>PEMC:</p> <p><u>2.5.4.8 Real-Time Monitoring Location</u></p> <p><u>During the registration of the generating unit, the Generation Company shall specify if its real-time monitoring will be at the gross MW output of the generating unit or at the</u></p>	<p>PEMC:</p> <p>Agree with the re-numbering</p> <p>This proposed amendment may be completely discussed separately with the MO-SO enhancement proposed amendments. The MO-SO urgent amendments were also</p>	Approved

Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
			<u>point and net of its station use, in accordance with the guidelines set forth in the WESM Manual on Market Network Model Development and Maintenance – Criteria and Procedures.</u>		proposal along with the Proposed General Amendments on Enhancements to MO-SO Procedures for completeness TC: What happens if real-time monitoring is NOT at the MTN?	<u>same location as its market trading node, which is at its connection point and net of its station use, in accordance with the guidelines set forth in the WESM Manual on Market Network Model Development and Maintenance – Criteria and Procedures.</u>	discussed separately with this proposal. TC: If the real-time monitoring is NOT at the MTN, then generator model will be	



Annex B – Matrix of Proposed Amendments to WESM Manuals for Improvements to Market Resource Modelling and Monitoring (ORCP-WM-21-04)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Revised Wording based on Comments	Proponent's Response	RCC Decision
					<p>Aboitiz Power:</p> <p>Is this an existing process and will be added as a new clause for documentation purposes?</p>		<p>reflected at the gross output of the generation, which includes its station use. Technically, there are only two options, (1) gross or (2) net of station use.</p> <p>Aboitiz Power: This is an existing process and will be added for clarity and documentation purposes.</p>	

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

A. WESM Rules

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
Trading Participant	2.3.3.9	If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participant</i> in accordance with clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall issue a suspension notice in respect of that <i>Trading Participant</i> in accordance with clause 3.15.7.	If at any time a <i>Trading Participant</i> ceases to be eligible to be registered as a <i>Trading Participant</i> in accordance with Clause 2.3.3.4, that <i>Trading Participant</i> shall inform the <i>Market Operator</i> accordingly and, as soon as practicable after the <i>Market Operator</i> becomes aware that a <i>Trading Participant</i> is no longer eligible to be registered, the <i>Market Operator</i> shall <u>a.</u> issue a suspension notice in respect of that <i>Trading Participant</i> in accordance with Clause 3.15.7 <u>8; or</u>	Provide reference to proposed procedure on de-registration without suspension Correct reference clause on suspension to 3.15.8 Note: Sections 2.3.3.5 and 2.3.3.9 have the same provisions	<u>Aboitiz Power:</u> On item b., who composes the “external parties”? <u>AC Energy:</u> If after coordination with relevant external parties and <i>Market Operator</i> (MO) confirms the ineligibility of the <i>Trading</i>	 <u>AC Energy:</u> <u>b. coordinate with relevant external parties for confirmation of ineligibility in accordance with the relevant Market</u>	AC Energy: IEMOP notes that its proposal to request the TP to submit its notice of cessation on its WESM Membership, after the confirmation of its ineligibility from the relevant external parties, aims to ensure that the TP is aware of its registration status in the WESM and to allow the TP to have the option to choose	Approved

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			<u>b. coordinate with relevant external parties for confirmation of ineligibility in accordance with the relevant Market Manual.</u>		<p>Participant (TP) , MO will no longer issue a suspension notice and proceed with the de-registration of the TP instead?</p> <p><u>Meralco:</u></p> <p>In the proposed item b., we suggest that the phrase “relevant external parties” be further refined or provided with examples</p>	<p><u>Manual and proceed with the de-registration of the Trading Participant upon such confirmation.</u></p> <p><u>Meralco:</u></p> <p><u>b. coordinate with relevant external parties (e.g. _____) for confirmation of ineligibility in accordance with the relevant</u></p>	<p>voluntary cessation. The de-registration process is proposed to only be made upon the end of the given timeline where the TP no longer shows any interest or action to voluntarily cease its WESM Membership.</p> <p>Meralco: Example of external parties may be provided, such as Network Service Provider. We note that current</p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
					for clarity/proper interpretation.	<u>Market Manual.</u>	provisions in the WESM Rules on external parties do not provide example, such as Clause 3.14.4.4	
CEASING TO BE A WESM MEMBER	2.6.3	On receipt of a notice under clause 2.6.1, the <i>Market Operator</i> shall notify all <i>WESM members</i> that the person or entity who gave the notice shall cease to be registered as a <i>WESM member</i> in the relevant category and the date on which that will occur.	Immediately upon receipt of the notice <u>with proof of disconnection, as applicable,</u> from the <i>WESM member</i> , the <i>Market Operator</i> shall <u>confirm the cessation and notify approval of the same to the relevant WESM Member. After such notification, the Market Operator shall</u> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i> , the	Clarify the documentary requirement for cessation notices and provide for validation period prior to notifying the rest of the WESM Members	<u>PEMC:</u> The proposed amendment is not in line with the original provision. <u>Aboitiz Power:</u> What will be the medium of communication related on the application of		PEMC: Proposed aligned amendment: On receipt of a notice <u>with proof of disconnection, as applicable,</u> under clause 2.6.1, the <i>Market Operator</i> shall <u>confirm the cessation and notify the relevant</u>	Approved

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			category in which it ceases its registration, and the effective date of cessation.		<p>proof of disconnection and notification of MO's approval of cessation.</p> <p><u>Meralco:</u></p> <p>It is not clearly stated who will approve or disapprove the cessation nor what the basis will be of such approval or disapproval. The proof of disconnection should suffice.</p>	<p><u>Meralco:</u></p> <p>Immediately Upon receipt of the notice <u>with proof of disconnection, as applicable,</u> from the <i>WESM member, the Market Operator</i> shall <u>confirm the cessation and notify approval of the same to the relevant WESM Member.</u></p>	<p><u>WESM Member. After such notification, the Market Operator shall</u> notify all <i>WESM members</i> that the person or entity who gave the notice shall cease to be registered as a <i>WESM member</i> in the relevant category and the date on which that will occur.</p> <p>Aboitiz Power:</p>	

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
						<p><u>After such notification, the Market Operator shall</u> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i>, the category in which it ceases its registration, and the effective date of cessation.</p>	<p>The provision did not specify any medium of communication, thus, any medium of communication is deemed acceptable. Commonly it is communicated through e-mail.</p> <p>Meralco: The approval pertains to internal approval process of IEMOP. The</p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
							<p>corrected proposed amendment for 2.6.3:</p> <p>On receipt of a notice <u>with proof of disconnection, as applicable,</u> under clause 2.6.1, the <i>Market Operator</i> shall <u>confirm the cessation and notify the relevant WESM Member.</u> <u>After such notification, the Market Operator shall</u> notify all WESM</p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
							<i>members</i> that the person or entity who gave the notice shall cease to be registered as a <i>WESM member</i> in the relevant category and the date on which that will occur.	

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

B. WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 5.3

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
CONTINUING COMPLIANCE	2.9.4	2.9.4 Cessation of eligibility. As soon as practicable after the <i>Market Operator</i> becomes aware that a <i>WESM member</i> no longer meets any one of the membership criteria or requirement, the <i>Market Operator</i> shall issue a suspension notice in respect to that <i>WESM member</i> . The suspension shall continue until the <i>WESM member</i> is able to rectify or remedy the noncompliance or the defect to the satisfaction of the Market Operator. The Market Operator may, at its discretion, prescribe a period within which the	2.9.4 Cessation of eligibility. <u>Subject to Clause 2.9.5.</u> As soon as practicable after the <i>Market Operator</i> becomes aware that a <i>WESM member</i> no longer meets any one of the membership criteria or requirement, the <i>Market Operator</i> shall issue a suspension notice in respect to that <i>WESM member</i> . The suspension shall continue until the <i>WESM member</i> is able to rectify or remedy the noncompliance or the defect to the	Proposed to refer to a provision which will be basis for exception on issuance of suspension notice.	<u>PEMC:</u> 1. What is the common period given to the TPs to rectify the defect? 2. What if the TP did not meet the period given, will MO automatically deregister? <u>Technical Committee:</u> <i>For Clarification:</i>		PEMC: 1. Initial communication requesting for submission of required expired technical documents includes 30-day period to comply with such requirements. 2. For TPs that can rectify defect,	Approved



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
		noncompliance or defect is to be remedied. The failure of the <i>WESM member</i> to remedy or rectify the defect is a ground for deregistration. Suspension and deregistration shall be implemented in accordance with the conditions and procedures set forth in the <i>WESM Rules</i> and this Manual. Non-compliance with prudential requirements shall be governed by relevant provisions of the <i>WESM Rules</i> and relevant market manuals.	satisfaction of the Market Operator. The Market Operator may, at its discretion, prescribe a period within which the noncompliance or defect is to be remedied. The failure of the <i>WESM member</i> to remedy or rectify the defect is a ground for deregistration. Suspension and deregistration shall be implemented in accordance with the conditions and procedures set forth in the <i>WESM Rules</i> and this Manual. Non-compliance with prudential requirements shall be governed by relevant provisions of the <i>WESM Rules</i> and		Will the participant member still be allowed as stand alone provider to comply with its BCQ requirement noting that they are suspended?		constant communication to update MO with the status of the submission of the document is needed. The proposal is intended for situations where the WESM Member will no longer be eligible for WESM Membership and will not be able	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Claus e	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			relevant market manuals.				to rectify the defect. Technical Committee: The proposed amendment refers to a provision which will be basis for exception on issuance of suspension notice, other provisions during suspension process remain the same.	
CONTIN UING COMPLI ANCE	2.9.5	(new)	<u>2.9.5 If a Trading Participant fails to submit a valid interconnection agreement with a Network Service</u>	Provide steps or process and timeline for de- registration of a Trading	<u>Aboitiz Power:</u> What will be the medium of communicatio		Aboitiz Power: The provision did not specify any medium of	Approved

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			<p><u>Provider, the Market Operator shall coordinate with its respective Network Service Provider to check if the registered Trading Participant continues to be connected to the transmission system or distribution system.</u></p> <p><u>2.9.6 A Network Service Provider that receives a notice from the Market Operator under Section 2.9.5 shall provide the information to the Market Operator within thirty (30) calendar days from the receipt of the notice.</u></p>	Participant that is not connected to the transmission system (generators and loads) or distribution system (embedded generators) anymore without going through the suspension process	<p>n related on the submission of notice of cessation?</p> <p>In case of a force majeure, is there an extension on the proposed timelines?</p> <p><u>AC Energy:</u></p> <p>To harmonize with 2.9.6, 2.9.5 should also provide that the MO shall send notice to the Network Service</p>	<p><u>AC Energy:</u></p> <p><u>2.9.5 If a Trading Participant fails to submit a valid interconnection agreement with a Network Service Provider,</u></p>	<p>communication, thus, any medium of communication is deemed acceptable. Commonly it is communicated through e-mail.</p> <p>The proposed timeline is for situations when ineligible WESM Member may no longer rectify the defect.</p> <p>AC Energy: IEMOP proposes to retain original</p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			<p><u>2.9.7 Upon receipt of confirmation from the <i>Network Services Provider</i> that the registered <i>Trading Participant</i> is no longer connected to their power system, the <i>Market Operator</i> shall notify the <i>Trading Participant</i> to submit a notice of cessation.</u></p> <p><u>2.9.8 Upon the receipt of the notice from the <i>Market Operator</i>, the registered <i>Trading Participant</i> shall initiate cessation of its registration within fifteen (15) calendar days. If the <i>Market Operator</i> does not receive a notice of</u></p>		Provider on the interconnection status of the TP.	<p><u>the <i>Market Operator</i> shall send a notice to its respective <i>Network Service Provider</i> to provide the connection status of the registered <i>Trading Participant</i> in the transmission system or distribution system.</u></p>	proposed language.	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
			<u>cessation within fifteen (15) calendar days, the Market Operator shall initiate the de-registration of the Trading Participant.</u>					
Non-compliance with the membership criteria or requirement	4.2.3	The <i>Market Operator</i> has determined that the <i>WESM member</i> is no longer compliant with any one or all of the criteria and requirements for continuing membership in the WESM and is incapable of rectifying the defect or fails to rectify the defect despite notice from the <i>Market Operator</i> .	The <i>Market Operator</i> has determined that the <i>WESM member</i> is no longer compliant with any one or all of the criteria and requirements for continuing membership in the WESM and is incapable of rectifying the defect or fails to rectify the defect despite notice from the <i>Market Operator</i> <u>subject to Section 2.9.5.</u>	Provide reference to the proposed procedures on de-registration of certain Trading Participants without going through the suspension process				Approved
CESSATION OF REGISTRATION	5.2.3.1	Immediately upon receipt of the notice from the <i>WESM member</i> , the <i>Market Operator</i> shall	Immediately upon Upon receipt of the notice <u>with proof of disconnection, as</u>	Clarify the documentary requirement for cessation	<u>Aboitiz Power:</u>		Aboitiz Power: Corrected proposed	Approved

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
		issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i> , the category in which it ceases its registration, and the effective date of cessation.	<u>applicable</u> , from the <i>WESM member</i> , the <i>Market Operator</i> shall <u>confirm the cessation and notify approval of the same to the relevant WESM Member. After such notification, the Market Operator shall</u> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i> , the category in which it ceases its registration, and the effective date of cessation.	notices and provide for validation period prior to notifying the rest of the WESM Members	What is the difference between clause 5.2.3.1 and 2.6.3? <u>Meralco:</u> It is not clearly stated who will approve or disapprove the cessation nor what the basis will be of such approval or disapproval. The proof of disconnection should suffice.	<u>Meralco:</u> Immediately Upon receipt of the notice <u>with proof of disconnection, as applicable,</u> from the <i>WESM member</i> , the <i>Market Operator</i> shall <u>confirm the cessation and notify approval of the same to the relevant WESM Member.</u>	aligned amendment on Section 2.6.3 was presented. Meralco: The approval pertains to internal approval process of IEMOP: Immediately Upon receipt of the notice <u>with proof of disconnection, as applicable,</u> from the <i>WESM member</i> , the <i>Market Operator</i> shall	

Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
						<p><u>After such notification, the <i>Market Operator</i> shall</u> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i>, the category in which it ceases its registration, and the effective date of cessation.</p>	<p><u>confirm the cessation and notify the relevant <i>WESM Member</i>. After such notification, the <i>Market Operator</i> shall</u> issue a Notice of Cessation to all <i>WESM members</i> stating the cessation of registration of <i>WESM member</i>, the category in which it ceases its registration, and the effective date of cessation.</p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
Initiation of Deregistration Procedures	5.4.1.4	For <i>WESM Members</i> that have been disconnected from the grid at the instance of parties other than the <i>Market Operator</i> pursuant to prevailing rules and regulations on disconnection, upon receipt by the <i>Market Operator</i> of a copy of the order or notice of disconnection and the report from the relevant <i>Network Service Provider</i> confirming that the WESM member has actually been disconnected from the grid.	For <i>WESM Members</i> that have been disconnected from the grid at the instance of parties other than the <i>Market Operator</i> pursuant to prevailing rules and regulations on disconnection, upon receipt by the <i>Market Operator</i> of a copy of the order or notice of disconnection and the report from the relevant <i>Network Service Provider</i> confirming that the WESM member has actually been disconnected from the grid <u>and after the WESM Member failed to initiate cessation of its membership in accordance to Section 2.9.8.</u>	To include reference on the failure of the WESM Member to initiate cessation of its membership as basis to initiate de-registration				Approved
Issuance of Notice	5.4.2.1	Within five (5) working days from receipt or	Within <u>After fifteen (15)</u> working days from	To harmonize with the	<u>PEMC:</u>		PEMC:	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation (ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
of De-registration and Disconnection		submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the <i>WESM Member</i> or the <i>Metering Services Provider</i> sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the <i>WESM Member</i> subject to deregistration shall still be liable for its outstanding obligations to the WESM.	receipt or submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the <i>WESM Member</i> or the <i>Metering Services Provider</i> sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the <i>WESM Member</i> subject to deregistration shall still be liable for its outstanding obligations to the WESM.	proposed timeline that the MO shall initiate de-registration after 15 working days that the WESM member failed to initiate cessation of its membership in accordance to Sections 2.9.5 to 2.9.8	For clarity, the proposal on 2.9.5 to 2.9.8 is fifteen (15) calendar days.		2.9.8 is fifteen calendar days; thus, IEMOP proposed to harmonize it with 5.4.2.1 as follow: Within After fifteen (15) working calendar days from receipt or submission of the document/s specified in the foregoing section, the Market Operator shall issue a Deregistration Notice to the <i>WESM</i>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Clause	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent's Response	RCC Decision
							<p><i>Member or the Metering Services Provider sought to be deregistered. The Deregistration Notice shall be in writing and shall include the ground/s for deregistration; date of effectivity of the deregistration; and notice that the WESM Member subject to deregistration shall still be liable for its outstanding</i></p>	



Annex C – Matrix of Proposed Amendments to the WESM Rules and WESM Registration Manual regarding De-registration and Cessation
(ORCP-WR-WM-21-05)

Title	Claus e	Provision	Proposed Amendment	Rationale	Comments	Proposed Wording based on Comment	Proponent’s Response	RCC Decision
							obligations to the WESM.	

Note: Please underline and put in bold letters the proposed changes to the Market Rules or Manual.



Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03A)

A. WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures Issue 5.4

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment	3.5.1.2	The notice to the <i>Market Operator</i> shall include the following - a) details on the duration of the supply contract, b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with	The notice to the <i>Market Operator</i> shall include the following - a) details on the duration of the supply contract, b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To	The notice to the <i>Market Operator</i> shall include the following - a) details on the duration of the supply contract, b) desired effective date on which the bilateral contract transactions are to be accounted for in the WESM settlements. To the extent practicable, the effective date shall coincide with the start of a WESM billing month.	To harmonize with the WESM Manual on Billing & Settlement Issue 6.0 where the market trading node/s that serve/s as the delivery point of the contract are enrolled with the Market Operator, and the trading participants are provided the option whether or not to	PEMC: Copies of the supply contracts should be used as reference for validation of bilateral contract quantity enrollment, as presumed to be the original intention of the WESM Rules and Registration Manual. The absence of such validation procedure		PEMC: The initial proposal was approved by the PEM-Board that a copy of the supply contract be not required anymore since validation is achieved by the confirmation of the customer. For this additional revision to the proposal,	Approved

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
		<p>the start of a WESM billing month.</p> <p>c) identification of the <i>Trading Participant</i> that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,</p> <p>d) copy of the supply contract; and</p> <p>e) written confirmation by the supply customer of the notice and</p>	<p>the extent practicable, the effective date</p> <p>shall coincide with the start of a WESM billing month.</p> <p>c) identification of the <u><i>market trading node</i></u> <u><i>or nodes associated with the supply contract whose final energy dispatch price will be used as reference for the supply contract during settlements</i></u></p> <p><u><i>Trading Participant</i></u> that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,</p> <p>d) <u><i>indication whether the bilateral contract</i></u></p>	<p>c) identification of the <u><i>market trading node or nodes associated with the supply contract whose final energy dispatch price will be used as reference for the supply contract during settlements</i></u></p> <p>Trading Participant that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations,</p> <p>d) <u><i>indication whether the bilateral contract</i></u></p>	<p>perform daily confirmation.</p> <p>It is also proposed that a copy of the supply contract not be required anymore since validation is achieved by the confirmation of the customer.</p> <p>For enrollment of contract between two generation companies, only two conditions</p>	<p>may allow for inconsistent enrollment of BCQ vis-a-vis the approved PSA by the ERC which may pose effects up to the settlement processes in the WESM.</p> <p>Hence, we agree with the addition of items f) and g) and would like to suggest retaining the copy of the supply contract (previously item d) as it may be a</p>		<p>submission of a copy of supply contract is proposed as a requirement to validate that it falls to one of the proposed allowed conditions for contract enrollment between two generation companies; that is for replacement power arrangements.</p> <p>TC:</p> <p>The provisions on BCQs are for their proper</p>	

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements (ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
		the foregoing information.	<p><u>during settlements</u></p> <p>Trading Participant that shall be responsible for the payment of line rental trading amounts and for the net settlement surplus/deficit allocations;</p> <p>d) <u>indication whether the bilateral contract quantities submitted by the selling participant</u></p>	<p><u>quantities submitted by the selling participant would require confirmation by the buying participant in accordance with the billing and settlement timetable</u> – copy of the supply contract; <u>and</u></p> <p>e) written confirmation by the <i>supply customer</i> of the notice and the foregoing information;</p> <p><u>f) for replacement power arrangements between</u></p>	<p>are proposed to be allowed – 1) replacement power and 2) secondary supply of an indirect WESM member. Each condition has their respective requirements to validate that the contract falls under the proposed conditions.</p>	<p>reference for validation of bilateral contract quantities, regardless if the Generation companies will replace power arrangements or not.</p> <p><u>TC:</u></p> <p>Would It be possible to provide the System Operator a copy of supply contract, so</p>		<p>accounting in the settlement process. Provision of copy of supply contract to other parties, other than the MO, and for other purposes, is subject to the appropriate rule as may be provided in the WESM Rules and Manuals.</p>	

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements
(ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
			<p><u>would require confirmation by the buying participant in accordance with the billing and settlement timetable</u> copy of the supply contract; and</p> <p>e) written confirmation by the supply customer of the notice and the foregoing information.</p>	<p><u>Generation Companies, copy of the supply contract; and</u> <u>g) for supply to an Indirect WESM Member through its Direct WESM Member that is a Generation Company, written confirmation by the Indirect WESM Member of the notice and the foregoing information.</u></p>		<p>that incase a generator trips, its corresponding load shall be first to be reduced or dropped? This is useful especially when we have a very tight supply.</p>			

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements
(ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
ENROLMENT AND DE-LISTING OF SUPPLY CUSTOMERS - Enrolment	3.5.1.5 (new)	(new)	<u>Generation Companies may register other Generation Companies or Customer Trading Participants, except for Contestable Customers, as supply customers.</u>	<u>Generation Companies may register other Generation Companies or Customer Trading Participants, except for Contestable Customers, as supply customers. A Generation Company can only enroll another Generation Company as a supply customer if:</u> a) <u>the Generation Companies have entered into a replacement power</u>	For consistency with Section 4.1 of DOE DC2012-05-0005 that contestable customers shall only deal with suppliers. The proposal will allow Generator 1 to declare its BCQ with Generator 2 in the WESM. In the scenario that Gen 2, the buyer-generator, declares for its customer only a portion				Approved

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements
(ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
				<u>arrangement;</u> or b) <u>the</u> <u>Generation</u> <u>Company</u> <u>acting as the</u> <u>supply</u> <u>customer is</u> <u>the</u> <u>designated</u> <u>Direct WESM</u> <u>Member of</u> <u>an Indirect</u> <u>WESM</u> <u>Member that</u> <u>has a</u> <u>contract with</u> <u>the enrolling</u> <u>Generation</u> <u>Company.</u>	of the replacement power it bought from Gen 1, the seller-generator, it is assumed that Gen 2 will just sell the remaining energy in the spot market. For enrollment of contract between two generation companies, only two conditions are proposed to be allowed – 1) replacement power and 2)				

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements
(ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
					secondary supply of an indirect WESM member.				
APPENDIX A – GLOSSARY OF TERMS		(new)		<u>Replacement Power Arrangement – agreement entered into by a generation company with another generation company for the delivery of electricity by the purchasing generation company to its customers when its power plant is on outage</u>	To provide definition of replacement power arrangement, which is one of the proposed conditions for allowing generator-to-generator contract declarations in the WESM				Approved
APPENDIX A – GLOSSARY OF TERMS		Supply Customer – Customers connected to	Supply Customer - Customers connected to	Supply Customer – <u>Customers or Generation Companies</u>	To clarify that supply customers referred to in				Approved

Annex D – Matrix of Proposed Revisions to the PEM Board-Approved Amendments to Clarify Bilateral Contracts Accounted for in Settlements
(ORCP-WM-20-03A)

Title	Section	Provision	PEM Board-approved Amendment	Proposed Revision (in red)	Revised Rationale (in red)	Comments	Proposed Wording based on Comments	Proponent's Response	RCC Decision
		the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract	the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators under any power supply agreement or contract.	connected to the grid that are being supplied electricity by Generation Companies or Wholesale Aggregators <u>that purchase electricity</u> under any power supply agreement, <u>replacement power arrangement</u> or contract <u>with a Generation Company or Retail Electricity Supplier</u>	this manual covers WESM and retail customers and generation companies that have power supply agreements / replacement power arrangements / contracts				

Note:

The following provisions were also approved by the PEM Board for amendment but are not subject for revision: **Sections 3.5.1.2, 3.5.1.4, 3.5.1.6**



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Proposed Amendments to the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Formation of Committees	1.4.6	<p>The <i>PEM Board</i> shall form working groups and appoint qualified personnel who shall act as the following:</p> <p>(a) The <i>PEM Auditor</i> to conduct audits of the operation of the <i>spot market</i> and of the <i>Market Operator</i> in accordance with clause 1.5;</p> <p>(b) A <i>Market Surveillance Committee</i> to monitor and report on activities in the spot market in accordance with clause 1.6;</p> <p>(c) A <i>Technical Committee</i> to monitor and review technical matters under and in relation to the WESM</p>	<p>xxx</p> <p>(a) The <u><i>PEM Audit Committee Auditor</i></u> is responsible for the conduct of audits, by independent auditors, of the operation of the spot market, and of the <i>Market Operator, and Metering Service Providers</i> in accordance with Clause 1.5 1.5.2;</p> <p>(b) to (e) xxx</p>	<p>The proposed changes intend to:</p> <p>a. Fine tune the responsibilities of the <i>PEM Audit Committee</i> to oversight functions, while maintaining its responsibility in the conduct of timely, fair and independent market audits.</p> <p>b. Require the conduct of audit of <i>Metering Service Providers (MSPs)</i> in relation to their responsibilities under the WESM Rules. Such audits/reviews are consistent with the power and duty of the</p>	<p>xxx</p> <p>(a) The <i>PEM <u>Audit Committee Auditor</u></i> to conduct audits of the operation of the <i>spot market</i> and of the <i>Market Operator, and <u>Metering Service Providers</u></i> in accordance with Clause 1.5 1.5.2;</p>	<p>Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and difficulty of the audit.</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>Rules, the Grid Code and Distribution Code in accordance with clause 1.7;</p> <p>(d) A Rules Change Committee to assist the PEM Board and the DOE in relation to the revision and amendment of the WESM Rules in accordance with chapter 8, and the formulation, revision and amendment of market manuals, procedures and guidelines; and</p> <p>(e) A Dispute Resolution Administrator to facilitate the resolution of the dispute between and among the parties within a specified period of time in accordance with the dispute resolution</p>		<p>PEM Board under WESM Rules Clause 1.4.5.2.</p> <p>Pricing and settlement outputs in the WESM are reliant on the integrity and accuracy of data being provided by the SO and MSPs.</p> <p>The correct provision to be referenced is Clause 1.5.2 instead of Clause 1.5 which enumerates the responsibilities of the Auditor.</p>		



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		process under clause 7.3.				
THE PHILIPPINES ELECTRICITY MARKET AUDITOR	1.5	THE PHILIPPINES ELECTRICITY MARKET AUDITOR	THE PHILIPPINES ELECTRICITY MARKET AUDITOR <u>THE PEM AUDIT COMMITTEE</u>	Global change adopting PEM Audit Committee	-	-
Appointment of the PEM Auditor	1.5.1	<p>Appointment of the PEM Auditor</p> <p>1.5.1.1 The PEM Board shall appoint a PEM Auditor with such skills and expertise, and on such terms and conditions, as the PEM Board reasonably deems to be appropriate, taking into consideration the nature of the obligations and functions of the PEM Auditor, as set out in clause 1.5.2 and clause 5.2.6.</p>	<p><u>1.5.1 Appointment of the PEM Auditor to the PEM Audit Committee</u></p> <p>1.5.1.1 The PEM Board shall appoint <u>persons to form a PEM Audit Committee</u> a PEM Auditor <u>in such number and</u> with such skills and expertise, and on such terms and conditions, as the PEM Board reasonably deems to be appropriate, taking into consideration the nature of the obligations and functions of the PEM Auditor, <u>PEM Audit</u></p>	<p>Global change adopting PEM Audit Committee</p> <p>Consistent with the proposal to replace PEM Auditor with the PEM Audit Committee, provisions under 1.5.1 were accordingly changed.</p>	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>1.5.1.2 The PEM Auditor shall not currently or has not been employed within one year prior to the nomination date by any Philippine electric power industry participants.</p> <p>1.5.1.3 The PEM Auditor must have sufficient relevant experience in one or more of the following fields:</p> <p>(a) Power industry;</p> <p>(b) Economics;</p> <p>(c) Risk management;</p> <p>(d) Information technology and information systems; and/or</p> <p>(e) In such other fields as may be relevant to and required in the</p>	<p><u>Committee</u> as set out in Celause 1.5.2 and Celause 5.2.6.</p> <p>1.5.1.2 <u>A member of the</u> The PEM Auditor <u>Audit Committee</u> shall not currently or has not been employed within one year prior to the nomination date by any Philippine electric power industry participants.</p> <p>1.5.1.3 The <u>members of the PEM Audit Committee</u> PEM Auditor must have sufficient relevant experience in one or more of the following fields:</p> <p>(a) Power industry;</p> <p>(b) Economics;</p> <p>(c) Risk management;</p> <p>(d) Information technology and information systems; and/or</p>			

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		performance of audits.	(e) In such other fields as may be relevant to and required in the performance of audits.			
Responsibilities of the Auditor	1.5.2	<p>Responsibilities of the Auditor</p> <p>The <i>PEM Auditor</i> shall:</p> <p>(a) Conduct annual audits of the Market Operator and the settlement system and any other procedures, persons, systems or other matters relevant to the spot market,</p>	<p>Responsibilities of the <u><i>PEM Audit Committee</i></u> Auditor</p> <p>The <i>PEM Auditor</i> <u><i>Audit Committee</i></u> shall:</p> <p>(a) <u>Be responsible for the conduct of annual periodic</u> audits of the Market Operator and the settlement system and any other procedures, persons, <u>and</u> systems or other matters <u>of the Market Operator, and the Metering Services Providers as they are</u> relevant to the spot market;</p>	<p>Consistent with the proposed amendments in Clause 1.4.6.</p> <p>The word “annual” was deleted as the frequency or period of the audit is already specified in Sections 4.5.5.4 and 5.2.6.1. In these sections, the frequency of the audit is periodically or as often as necessary.</p>	<p>(a) Conduct annual audits of the Market Operator and the settlement system and any other procedures, persons, <u>and</u> systems or other matters <u>of the Market Operator, and the Metering Services Providers as they are</u> relevant to the spot market;</p>	<p>Frequency of audit is specified in Clause 5.2.6.1.</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
	(b)	(c) Recommend changes to the WESM Rules where the <i>PEM Auditor</i> detects deficiencies as a consequence of an audit, review, test, check or other form of review; and	(c) Recommend changes to the WESM Rules <u>and relevant Market Manuals</u> where the <i>PEM Auditor</i> deficiencies <u>have been identified</u> as a consequence of an audit, review, test, check or other form of review; and	For clarity, WESM Manuals were added as possible areas where the PAC may propose rules changes to.	-	-
	(d)	(e) Publish on the market information website the results of any findings and recommendations under this clause 1.5.1.	(d) Publish on <u>in</u> the market information website the results of any findings <u>or</u> and recommendations under this C lause <u>1.5.1.5.2.6.</u>	Appropriate provision to be cited is Clause 5.2.6 Market Audits and not Clause 1.5.1 which refers to the Appointment to the PEM Audit Committee. Clerical edits	-	-
Review of the WESM Rules	1.5.3	The <i>PEM Auditor</i> may appoint a qualified team of auditors to carry out a review of the scheduling and central dispatch process under the WESM Rules.	The <i>PEM Auditor</i> Audit Committee Audit Committee may appoint a qualified team of auditors to carry out the review of the scheduling and central dispatch process under the WESM Rules.	Global change adopting PEM Audit Committee	The <i>PEM Auditor</i> Audit Committee Audit Committee may appoint engage the services of a qualified team of auditors to carry out a review of the scheduling and central dispatch process under the WESM Rules.	To be consistent with proposed revisions in Clause 5.2.6.4.

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Security of Metering Equipment	4.5.5.4	The <i>PEM Auditor</i> , in consultation with the <i>Market Operator</i> and <i>Metering Services Providers</i> , shall review the security arrangements and requirement of <i>metering installations</i> annually.	The <i>PEM Auditor</i> <u>Audit Committee</u> , in consultation with the <i>Market Operator</i> and <i>Metering Services Providers</i> , shall review the security arrangements, and <u>the compliance of metering installations with the</u> requirements of <i>metering installations</i> annually <u>the WESM Rules, its applicable Market Manuals and other relevant laws and issuances. The said review shall be conducted periodically or as often as necessary.</u>	Global change adopting PEM Audit Committee The proposed addition to also review the compliance of the MSPs to the metering installation requirements as stated in the WESM Rules, applicable market manuals and other relevant laws and issuances will serve as reference for the said review. In order for the PAC to audit the MSP upon request or direction of the DOE, ERC or PEM Board, the phrase “or as often as necessary” is proposed to be inserted.	4.5.5.4 The <i>PEM</i> <u>Audit Committee</u> , in consultation with the <i>Market Operator</i> and <i>Metering Services Providers</i> , shall review the security arrangements, and <u>the compliance of metering installations with the</u> requirements of <i>metering installations</i> annually <u>the WESM Rules, its applicable Market Manuals and other relevant laws and issuances. The said review shall be conducted periodically.</u>	The frequency of review will be specified in the proposed revisions in the PEM Audit Manual.
Market Audit	5.2.6	5.2.6 Market Audit	5.2.6 Market Audit <u>Audits</u>	To classify audit of the Metering Services Provider as market audits, aside from the audits conducted on the Market Operator. Note that these parties are providing	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
				services and information to the WESM and Trading Participants.		
Market Audit	5.2.6.1	The PEM Auditor shall arrange for a spot market audit to be performed once each quarter, or such other period as determined by the PEM Auditor.	The PEM Auditor <u>Audit Committee</u> shall arrange for a <u>the audit of the Market Operator and the Metering Services Providers, pursuant to Clause 1.5.2</u> spot-market audit to be performed once each quarter <u>periodically, or such other periods as determined by the PEM Auditor</u> <u>Audit Committee</u> .	Global change adopting PEM Audit Committee The review of the spot market once every quarter is not feasible given the time required for the selection of the Independent Auditors that shall be tapped to undertake the audit and the audit proper itself. The audit conducted “periodically” will ensure that reviews will be regularly undertaken and that auditees have sufficient time to rectify findings.	The PEM Auditor <u>Audit Committee</u> shall arrange for a <u>the audit of the Market Operator and the Metering Services Providers, pursuant to Clause 1.5.2</u> spot-market audit to be performed once each quarter <u>periodically</u> .	The frequency of audit will be specified in the proposed revisions in the PEM Audit Manual.
Market Audit	5.2.6.2	The <i>spot market</i> audit shall cover and review compliance by the <i>Market Operator</i> with its procedures and the	The <i>spot market</i> audit shall cover and review compliance by the <i>Market Operator</i> with <u>the WESM Rules, its Market</u>	The first paragraph was rephrased to indicate that the compliance of the Market Operator to the WESM Rules and	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>effectiveness and appropriateness of systems utilized in the operation of the <i>spot market</i>, including but not limited to:</p> <p>(a) Valid audit certificates for the current revisions of all numeric software;</p> <p>(b) The calculations and allocations performed by the <i>metering</i> and <i>settlements</i> systems;</p> <p>(c) Billing and information systems;</p>	<p><u>Manuals, and</u> its procedures and <u>assess the</u> effectiveness and appropriateness of <u>the</u> systems utilized in the operation of the spot market. <u>The scope of the audit shall, including include, but shall not be</u> not limited to <u>a review of:</u></p> <p>(a) Valid audit certificates for the current revisions of all numeric software <u>All new market-related software and modifications to the existing software implemented by the Market Operator for electricity markets;</u></p> <p>(b) xxx;</p> <p>(c) xxx;</p>	<p>Manuals as well as the effectiveness and appropriateness of the systems utilized by the MO are being reviewed in the spot market audit.</p> <p>“Valid audit certificates” was omitted because it is not the one that should be reviewed; it is the software. Audit certificate is the one being issued after the software has been reviewed.</p> <p>The proposed changes intend to identify the scope of the market audit of the MO. The proposed revisions will not just cover the review of all numeric software but also all newly deployed market-related software. This is also the intent of the current provision as stated in the last paragraph.</p>		

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(d) The scheduling and <i>dispatch</i> processes;</p> <p>(e) The processes for software management including the Information and Communications Technology Change Management Process or “ICMP” instituted by the <i>Market Operator</i> subject to the conduct of regular audits as may be determined under the <i>WESM Rules</i>;</p> <p>(f) The <i>Market Operator's</i> compliance with the <i>WESM Rules</i>.</p>	<p>(d) xxx;</p> <p>(e) The processes for software management including the Information and Communications Technology Change Management Process or “ICMP” instituted by the <i>Market Operator</i>, in accordance to Clause 5.2.6.2 (a) <u>and PEM Audit Market Manual</u> subject to the conduct of regular audits as may be determined under the <i>WESM Rules</i>; <u>and</u></p> <p>(f) The <i>Market Operator's</i> compliance with the <i>WESM Rules</i>, <u>Market Manuals and other relevant laws and issuances.</u></p>			

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		The said market audit shall also cover all new software and modifications to the existing software implemented through the ICMP.	The said market audit shall also cover all new software and modifications to the existing software implemented through the ICMP			
		New provision	<u>5.2.6.3 The market audit of the Metering Service Providers shall cover the review of their compliance with their responsibilities under the WESM Rules, applicable provisions under the Grid Code and other relevant rules and regulation, including the effectiveness and appropriateness of systems utilized that are relevant in the operation of the spot market.</u>	<p>This new section specifically provides the audit coverage for the MSP.</p> <p>The systems, persons and procedures to be audited shall cover only those that are relevant to the spot market.</p>	-	-
Market Audit	5.2.6.3	The PEM Auditor may engage, subject to the PEM Board approval, the services of a qualified third party Auditor as	5.2.6.34 The PEM Auditor <u>Audit Committee</u> may engage, subject to the PEM Board approval, the services of a qualified	<p>Renumbering</p> <p>The approval by the PEM Audit Committee and PEM Board of the</p>	5.2.6.34 The PEM Auditor <u>Audit Committee</u> may engage, subject to the PEM Board approval, the services of a qualified	To provide options for the engagement of auditors, which will be specified in the proposed revisions in PEM Audit Manual.

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		outlined in clause 1.5.2 and clause 5.2.6.2. The selection of third party Auditors shall be approved by the PEM Board.	third party Auditor Independent Auditor as outlined in Clause 1.5.2 and Clause 5.2.6.2 for the various audits it shall supervise. The selection of third party an Auditor shall be approved by the PEM Board.	engagement of Independent Auditors is proposed to be deleted since the current provisions of PEMC's Manual of Approval already provides the level of approving authorities for the procurement of services inclusive of the engagement of Independent Auditors.	team of auditors third party Auditor in the conduct of audits as outlined in Clause 1.5.2, and Clause 5.2.6.2, and Clause 5.2.6.3. The selection of third party Auditors shall be approved by the PEM Board.	
Market Audit	5.2.6.4	The PEM Auditor shall prepare a report on the results of the spot market audit. The said report shall be made available to the DOE, the ERC, the PEM Board and WESM members.	5.2.6.4.5 The PEM Auditor Audit Committee shall prepare a report on the results of the spot market audits conducted. The said report shall be made available to the parties audited, DOE, the ERC, the PEM Board and WESM members.	Global change adopting PEM Audit Committee To clarify that reports shall be prepared for all audits conducted as supervised by the PEM Audit Committee and such reports shall be provided to the parties audited as well.	-	-
Intervention Report		6.9.4.1 Upon the concurrence of one or more of the following events: (a) xxx;	6.9.4.1 Upon the concurrence of one or more of the following events (a) xxx;	Global change adopting PEM Audit Committee	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(b) xxx;</p> <p>(c) xxx; or</p> <p>(d) xxx.</p> <p>the PEM Board shall, within ten days thereof, direct the Market Surveillance Committee to investigate the circumstances of that event and prepare a report to assess:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx; and</p> <p>(d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the PEM Auditor.</p>	<p>(b) xxx;</p> <p>(c) xxx; or</p> <p>(d) xxx.</p> <p>the PEM Board shall, within ten days thereof, direct the Market Surveillance Committee to investigate the circumstances of that event and prepare a report to assess:</p> <p>(a) xxx;</p> <p>(b) xxx;</p> <p>(c) xxx; and</p> <p>(d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the PEM Auditor <u>Audit Committee.</u></p>			



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Glossary		PEM Auditor. The auditor appointed by the PEM Board under clause 1.4.6 to undertake functions as set out in clause 1.5.	PEM Auditor Audit Committee. The committee he—auditor appointed by the PEM Board under e Clause 1.4.6 to undertake the functions as set out in e Clause 1.5.2	Global change adopting PEM Audit Committee Corrected the reference clause	-	-
		NEW	Independent Auditor. Refers to the third party entity with adequate expertise, organized to conduct market audits or special audits of the processes and the systems of the WESM.	To define Independent Auditor as used in relevant WESM Rules Clauses	This is proposed to be deleted from the previously submitted proposal in RCC Resolution No. 2019-04.	The term is proposed to be defined in the PEM Audit Market Manual.

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Proposed Amendments to Guidelines Governing the Constitution of PEM Board Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Recitals		<p>xxx</p> <p>WHEREAS, Clause 1.4.6 of the WESM Rules further provides that the PEM Board shall form working groups and appoint qualified personnel who shall act as the following:</p> <p>(a) The PEM Auditor to conduct audits of the operations of the spot market and of the Market Operator;</p> <p>xxx</p>	<p>xxx</p> <p>WHEREAS, Clause 1.4.6 of the WESM Rules further provides that the PEM Board shall form working groups committees and appoint qualified personnel who shall act as the following:</p> <p>(a) The PEM Auditor PEM Audit Committee is responsible for the conduct of audits, by Independent Auditors, of the operations of the spot market and of the Market Operator, and the Metering Service Providers;</p> <p>(b)</p> <p>xxx</p>	<ul style="list-style-type: none"> To be consistent with the proposed amendments to the WESM Rules. Consistent with the power and duty of the PEM Board under WESM Rules Clause 1.4.5.2 to oversee and monitor the activities of the Market Operator to ensure that they fulfill their responsibilities under the WESM Rules, and acting in a manner consistent with the WESM Rules. The term “PEM Auditor” was replaced with “PEM Audit Committee” consistent with the proposed amendments to the WESM Rules and Retail Rules. 	<p>(a) The PEM Auditor PEM Audit Committee to conduct audits of the operations of the spot market and of the Market Operator, and the Metering Service Providers;</p>	<p>Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and difficulty of the audit.</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Definition of Terms	I	“Market Information Website” refers to the facility established by the Market Operator on the electronic communication system on which it may publish information which is then available to and may be accessed by WESM Members.	“Market Information PEMC Website” refers to the facility established by the Market Operator on the electronic communication system on which it may to publish information which is then available to and may be accessed by WESM Members and the public.	To differentiate the PEMC website (www.wesm.ph) from the MO public website (www.iemop.ph).		
		xxx “PEM Auditor” refers to the Chairperson of the PEM Audit Committee tasked to conduct audits of the operation of the spot market and of the Market Operator in accordance with the WESM Rules. “PEM Audit Committee” or “PAC” refers to one of the PEM Committees and headed by the PEM	“PEM Auditor” refers to the Chairperson of the PEM Audit Committee tasked to conduct audits of the operation of the spot market and of the Market Operator in accordance with the WESM Rules. “PEM Audit Committee” or “PAC” refers to the committee appointed by the PEM Board to undertake the functions as	The term “PEM Auditor” was deleted consistent with the proposed amendments to the WESM Rules and Retail Rules. When referring to the head of the committees, the term Chairperson is used.	-	-



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Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Auditor to perform duties in accordance with the WESM Rules. xxx	set out in Section 5.04 of this manual. one of the PEM Committees and headed by the PEM Auditor to perform duties in accordance with the WESM Rules. subsequent renumbering due to deletion of item (p)			
PEM Board Committees	2.01	2.01 PEM Board Committees. The PEM Board shall form working groups and appoint qualified personnel who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; xxx	2.01 PEM Board WESM Governance Committees. The PEM Board shall form working groups committees and appoint qualified personnel who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; xxx	To be consistent with the proposed amendments to the WESM Rules.	-	-
PEM Audit Committee	V	5.01 Composition. The PAC shall consist of three (3) members, headed by the PEM Auditor who is an	5.01 Composition. The PAC shall consist of three (3) members, headed by the Chairperson PEM Auditor who is an	The head of the PEM Audit Committee is called as the Chairperson to be	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules.	Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules	consistent with other Committees.		
		5.02 Appointment. The PEM Board appoints the members and the PEM Auditor as the chairperson of the Audit Committee.	5.02 Appointment. The PEM Board appoints the members and the PEM Auditor as the cChairperson of the PEM Audit Committee.	Same rationale in 1.02.	-	-
		5.04 Responsibilities. The PAC, headed by the PEM Auditor, conducts audit of the operation of the spot market and of the Market Operator in accordance with the following: (a) Conduct annual audits of the Market Operator and the settlement system and any	5.04 Responsibilities. The PAC, headed by the PEM Auditor conducts audit of the operation of the spot market and of the Market Operator in accordance with the followingshall: (a) Be responsible for the Cconduct annual of audits of the Market Operator and the settlement system and any other procedures,	Same rationale in 1.02.		



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Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>other procedures, persons, systems or other matters relevant to the Spot Market or as may be deemed necessary by the PAC;</p> <p>(b) Test and check any enhancements or updates in the market infrastructure provided by the Market Operator for use by WESM Members;</p> <p>(c) Review any procedures and practices which are covered by the WESM Rules including but not limited to procedures mentioned in WESM Rule</p>	<p>persons, systems of the Market Operator and the Metering Services Providers as they are or other matters relevant to the Spot Market spot market or as may be deemed necessary by the PAC;</p> <p>(b) Test and check any enhancements or updates in the market infrastructure including any new items or version of software provided by the Market Operator for use by WESM Members;</p> <p>(c) Review any procedures and practices which are covered by the WESM Rules</p>			



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Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>5.2.6.2 at the direction of the PEM Board;</p> <p>(d) Recommend changes to the WESM Rules where the PAC detects deficiencies as a consequence of an audit, review, test, check or other form of review;</p> <p>(e) Review the security arrangements and requirement of metering installations annually in consultation with the Market Operator and Metering Service Providers;</p> <p>(f) Prepare a report on the result of the</p>	<p>including but not limited to procedures mentioned in WESM Rule 5.2.6.2 at the direction of the PEM Board;</p> <p>(d) Recommend changes to the WESM Rules, Retail Rules and relevant Market Manuals where the PAC detects identified deficiencies as a consequence of an audit, review, test, check or other form of review;</p> <p>(e) Review the security arrangements and requirement of metering installations annually periodically in</p>	<p>To differentiate the PEMC website (www.wesm.ph) from the MO public website (www.iemop.ph).</p>	<p>(e) Review the security arrangements and requirement of metering installations annually in consultation with the Market Operator and Metering Service Providers;</p>	<p>Frequency of audit already specified in WESM Rules and PEM Audit Manual.</p>

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Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		spot market audits and publish on the Market Information Website the results of any audit findings and recommendations ; and (g) The PAC shall perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.	consultation with the Market Operator and Metering Service Providers; (f) Prepare Publish on the PEMC website the results of any findings and recommendations under this Sectiona report on the result of the spot market audits and publish on the Market Information Website the results of any audit findings and recommendations; and (g) The PAC shall perform Perform all other functions and duties referred to in the WESM Rules and in accordance			



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Title	Chapter	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			with applicable laws and rules.			

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Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Proposed Amendments to the PEM Audit Market Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Introduction	1	<p>1.1 Purpose</p> <p>This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Manual provides for the objectives, scope and procedures of the audits of the Market Operator and the spot market, or specific audits of WESM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WESM Rules. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system for reporting the results and recommendations of such audits.</p>	<p>1.1 Purpose <u>Background</u></p> <p>1.1.1 This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Manual provides for the objectives, scope and procedures of the audits of the Market Operator and the spot market, or specific audits of WESM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WESM Rules. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system for reporting the results and recommendations of such audits.</p>	<p>The proposed changes intend to:</p> <p>a. Fine tune the responsibilities of the PEM Audit Committee to oversight functions, while maintaining its responsibility in the conduct of timely, fair and independent market audits.</p> <p>b. Require the conduct of audit of the Metering Service Providers (MSPs), which are consistent with the power and duty of the PEM Board under WESM Rules Clause 1.4.5.2.</p>	<p><u>1.1.1 The Wholesale Electricity Spot Market Rules (the “WESM Rules”</u></p>	<p>Consistent with DOE position that the conduct of audit</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p><u>1.1.1 The Wholesale Electricity Spot Market Rules (the “WESM Rules” or the “Rules”), under Clause 1.4.6 provides for the formation of a PEM Audit Committee that shall oversee the conduct of audits, by Independent Auditors, of the operation of the spot market, the Market Operator and Metering Service Providers.</u></p> <p><u>1.1.2 This Manual is developed in accordance with Clauses 1.5.2 and 5.2.6.2 of the WESM Rules, and Clause 1.4.3.1 and 4.8.1 of the Retails Rules which mandate the PEM Audit Committee to be responsible for:</u></p> <p><u>a) Conduct of audits of the procedures, persons and systems of the</u></p>	<p>Pricing and settlement outputs in the WESM are reliant on the integrity and accuracy of data being provided by the SO and MSPs.</p> <p>The correct provision to be referenced is Clause 1.5.2 instead of Clause 1.5 which enumerates the responsibilities of the Auditor.</p>	<p><u>or the “Rules”), under Clause 1.4.6 provides for the formation of a PEM Audit Committee to conduct audits of the operation of the spot market, the Market Operator and Metering Service Providers.</u></p> <p><u>1.1.2 This Manual is developed in accordance with Clauses 1.5.2, 5.2.6.2 and 5.2.6.3 of the WESM Rules, and Clauses 1.4.3.1 and 4.8.1 of the Retails Rules which mandate the PEM Audit Committee to be responsible for:</u></p>	<p>should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and difficulty of the audit.</p> <p>To include reference to new Clause 5.2.6.3.</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Market Operator and the Metering Services Providers as they relate to the operation of the spot market;</u> <u>b) Test and check any enhancements or updates in the market infrastructure including any new items or version of software provided by the Market Operator for use by WESM Members;</u> <u>c) Review any procedures and practices which are covered by the WESM Rules at the direction of the PEM Board;</u> <u>d) Recommend changes to the WESM Rules, Retail Rules and relevant</u>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Market Manuals where the PAC identified deficiencies as a consequence of an audit, review, test, check or other form of review;</u> <u>e) Prepare and Publish on the PEMC website the results of any findings and recommendations under this Section.</u>			
		<p>1.1.2 The general objectives of this Manual are the following:</p> <p>(a) Establish the requisites and mechanisms to ensure the independence and transparency of the PEM Auditor and WESM audits;</p>	<p><u>1.2 Purpose</u></p> <p><u>1.2.1</u> 1.1.2 The general objectives of this Manual are the following:</p> <p><u>a) (a) Establish the requisites and mechanisms to ensure the independence and transparency of the market audits and review by the PEM Audit Committee</u></p>	<p>PEM Auditor revised to PEM Audit Committee consistent with the proposal above. Global change was made throughout this Manual revising the PEM Auditor to PEM Audit Committee.</p> <p>The proposed new section (Purpose) provides the general</p>		

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(b) Establish the requisites and mechanisms to ensure independent and effective audits of the spot market and of the Market Operator, as well as to ensure compliance and non discrimination in applying the WESM Rules;</p> <p>(c) Establish effective procedures and audit processes when the PEM Auditor is requested to assess compliance or identify problems in the implementation or application of the WESM Rules regarding generation scheduling, dispatch, price setting and settlement;</p>	<p>Auditor and the WESM audits and reviews it administers.</p> <p>b) Establish the requisites and mechanisms to ensure independent and effective audits of the spot market and of the Market Operator <u>and the Metering Services Providers</u>, as well as to ensure compliance and non-discrimination in applying the WESM Rules, <u>the Retail Rules and its Market Manuals</u>;</p> <p>c) Establish effective procedures and audit processes when the PEM <u>Audit Committee</u> Auditor is requested to assess</p>	<p>objectives of the Manual, as revised.</p> <p>The Metering Services Provider Audit as proposed to be included in the WESM Rules, as part of the audits to be undertaken by the PEM Audit Committee, have already been included in this portion.</p>		

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(d) Clarify the different types of audits that may be requested from the PEM Auditor, including special audits of a WESM Member, the System Operator or the Market Operator when requested by the PEM Board or in the assessment or investigation of an alleged breach;</p> <p>(e) Clarify the rights and responsibilities of the PEM Auditor in proposing amendments to the WESM Rules when identifying, through audit processes, problems in the design or implementation or application of the WESM Rules, or in</p>	<p>compliance or identify problems in the implementation or application of the WESM Rules regarding generation scheduling, dispatch, price setting and settlement;</p> <p>d) (d) Clarify the different types of audits that may be requested from the PEM <u>Audit Committee</u> Auditor, including special audits of a WESM Member, <u>a Metering Services Provider</u>, the System Operator or the Market Operator when requested by the PEM Board or in the assessment or investigation of an alleged breach;</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>submitting reviews to amendments to the WESM Rules;</p> <p>(f) Establish the role of the PEM Auditor in relation to metering arrangements; and</p> <p>(g) Establish the rights and mechanisms for the PEM Auditor to contract external expert auditor support and the mechanisms for field audits.</p>	<p>e) (e) Clarify the rights and responsibilities of the PEM <u>Audit Committee</u> Auditor in proposing amendments to the WESM Rules, <u>the Retail Rules or its Market Manuals</u> when identifying, through audit processes, problems in the design or implementation or application of the WESM Rules, <u>the Retail Rules or its Market Manuals</u>, or in submitting reviews to amendments to the WESM Rules;</p> <p>f) (f) Establish the role of the PEM <u>Audit Committee</u> Auditor in relation to <u>the review of metering installations and</u> arrangements; and</p>		<p>g) g) Establish the rights and mechanisms for the PEM <u>Audit Committee</u> Auditor to <u>contract</u></p>	<p>To provide options for the engagement of auditors consistent with the</p>

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p>g) g) Establish the rights and mechanisms for the PEM Audit Committee Auditor to contract external independent expert auditor support and the mechanisms for field audits.</p>		<p>external — independent expert auditor support engage qualified team of auditors and the mechanisms for field audits.</p>	<p>proposed revisions in PEM Audit Manual.</p>
		<p>1.1.3 The PEM Auditor may identify non-compliance conducts or conditions during an audit process. In such cases, the PEM Auditor should submit a non-compliance complaint to the Enforcement and Compliance Officer (ECO).</p> <p>1This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Manual provides for the objectives, scope and procedures of the audits of the Market Operator and the</p>	<p>1.1.3 The PEM Auditor may identify non-compliance conducts or conditions during an audit process. In such cases, the PEM Auditor should submit a non-compliance complaint to the Enforcement and Compliance Officer (ECO).</p> <p>1.2.2 1.1 Purpose This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Market Manual provides for</p>	<p>Reorganization of the manual The deleted provision was transferred to Section 3 - Responsibilities.</p> <p>Clarifies what the Manual covers.</p>	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		spot market, or specific audits of WESM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WES M Rules.	<p>the objectives, scope and <u>the</u> procedures <u>for the conduct</u> of the audits of the Market Operator and the spot market, <u>and Metering Services Providers</u> or specific audits of WESM Members requested of the PEM <u>Audit Committee</u> Auditor. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system for reporting the results and recommendations of such audits.</p> <p><u>1.2.3 This Manual also defines the responsibilities and the functions of the PEM Audit</u></p>			



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Committee pursuant to the relevant provisions of the WESM Rules and the Retail Rules and its Market Manuals.</u>			
		1.1.4 For the purpose of this Manual, any act, omission, conduct or behavior and the like contrary to or in non-compliance with the WESM Rules, including its Market Manuals, the WESM Objectives, rules and regulations, regarding the WESM Rules, shall be considered a breach.	1.1.4 For the purpose of this Manual, any act, omission, conduct or behavior and the like contrary to or in non-compliance with the WESM Rules, including its Market Manuals, the WESM Objectives, rules and regulations, regarding the WESM Rules, shall be considered a breach.	The deleted provision was transferred to proposed Section 1.3.4 (Scope).	-	-
		1.1.5 Upon the request of the Enforcement and Compliance Officer (ECO) or the PEM Board to assist in the assessment or investigation of an alleged breach, the PEM Auditor shall carry out or coordinate and supervise the required audits, inform the audit	1.1.5 Upon the request of the Enforcement and Compliance Officer (ECO) or the PEM Board to assist in the assessment or investigation of an alleged breach, the PEM Auditor shall carry out or coordinate and supervise the required audits, inform the audit	The provisions in this section were deleted and transferred to appropriate sections of the PEM Audit Manual. The first part as revised was transferred to Section 3.1.2 (Responsibilities).	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		findings and give its opinions in relation to the alleged breach. The procedures and processes described in this Manual do not cover the details of assisting or auditing in the assessment or investigation process of an alleged breach, as they are covered in the Compliance and Enforcement Market Manual. However, this Manual covers the interactions between the PEM Auditor, the ECO and the PEM Board in relation to alleged breaches.	findings and give its opinions in relation to the alleged breach. The procedures and processes described in this Manual do not cover the details of assisting or auditing in the assessment or investigation process of an alleged breach, as they are covered in the Compliance and Enforcement Market Manual. However, this Manual covers the interactions between the PEM Auditor, the ECO and the PEM Board in relation to alleged breaches.	The last sentence was transferred to Section 1.3.3 (Scope).		
		<p>1.2 Scope</p> <p>1.2.1 This Manual covers all related activities and procedures in relation to the PEM Auditor, audits of the spot market and the Market Operator and special audits of WESM Members. This includes the following:</p>	<p><u>1.3</u> 1.2.1 Scope</p> <p><u>1.3.1</u> 1.2.1 This Manual covers all related activities and procedures in relation to the PEM Auditor <u>Audit Committee</u> audits of the spot market and the Market Operator, the <u>Metering Services Providers</u> and special audits of WESM</p>	Scope of Audit specifically included the audit of the the Metering Services Providers per provisions of the WESM Rules as proposed to be revised.		

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) A description of the functions, reports and responsibilities of the PEM Auditor;</p> <p>(b) Requisites and qualifications of the PEM Auditor or any expert auditor used, to ensure independence, adequate expertise and transparency of audits;</p> <p>(c) Access rights to the audit reports, proposed recommendations by external auditors and the final recommendations of the PEM Auditor;</p> <p>(d) Review of implementation and results of audit recommendations;</p>	<p>Members. This includes the following:</p> <p>a) (a)A description of the functions, reports and responsibilities of the PEM <u>Audit Committee</u> Auditor;</p> <p>(b) — Requisites and qualifications of the PEM Auditor or any expert auditor used, to ensure independence, adequate expertise and transparency of audits;</p> <p>b) (c)Access rights to the audit reports, proposed recommendations by <u>Independent external auditors</u> and the final recommendations of the PEM <u>Audit Committee</u> Auditor;</p>	<p>This Manual no longer contains the requisite qualifications to be a PEM Audit Committee member as the Guidelines Governing the Constitution of PEM Board Committees already sufficiently cover these.</p>	<p>b) (c)Access rights to the audit reports, proposed recommendations by external <u>auditors</u> and the final recommendations of the PEM <u>Audit Committee</u> Auditor;</p>	<p>The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.</p>

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(e) Procedures, general methodology and scope of an audit and the audit results;</p> <p>(f) Interaction between the PEM Board and the ECO or the PEM Board when requested an assessment or audit related to an investigation of an alleged breach;</p> <p>(g) Procedures and criteria for the PEM Auditor to assess the efficiency, validity and justification of new software or modifications to existing software of the Market Operator;</p> <p>(h) A description of interactions between the PEM Auditor and the PEM Board, and</p>	<p>c) (d)—Review of implementation and results of audit recommendations;</p> <p>d) (e)Procedures, general methodology and scope of an audit and the audit results;</p> <p>e) (f)—Interaction between the PEM <u>Audit Committee</u> Board and the <u>Enforcement and Compliance Office</u> (ECO) or the PEM Board when requested an assessment or audit related to an investigation of an alleged breach;</p> <p>f) (g)Procedures and criteria for the PEM <u>Audit Committee</u> Auditor to assess the</p>			



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the rules change process, in relation to results and recommendations of the audits, amendments proposed to the WESM Rules, or in submitting results of special audits requested by the PEM Board.	efficiency, validity and justification of new software or modifications to existing software of the Market Operator; g) (h) A description of interactions between the PEM Auditor <u>Audit Committee</u> and the PEM Board, and the <u>Rules Change Committee</u> process, in relation to the results and recommendations of the audits, <u>leading to proposals for the amendments of the proposed to the WESM Rules, the Retail Rules, or its Market Manuals.</u> in submitting results of special audits requested by the PEM Board.			
		1.2.2 This Manual provides for a streamlined process for an annual audit of the spot market, conducted	<u>1.3.2</u> —1.2.2 This Manual provides for a streamlined process for <u>the</u> an annual <u>periodic</u> audit of the spot	Added the Metering Services Providers consistent with above.	<u>1.3.2</u> 1.2.2—This Manual provides for a streamlined process for <u>the</u> an annual audit of the spot market and	The frequency of audit is specified in Sections 5.2.1, 5.4.4, and 5.5.1.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		together with the Market Operator audit.	market and conducted together with the Market Operator, audit <u>and the Metering Services Providers.</u>	Audits shall cover all periods, based on the timeline set by the PAC and in consultation with the auditee.	conducted together with the Market Operator, audit <u>the Metering Services Providers, and the Central Registration Body.</u>	To include audit of the Central Registration Body.
			<u>1.3.3 This Manual also covers the interaction between the PEM Audit Committee, the ECO and the PEM Board in relation to any request by the ECO or the PEM Board for the PEM Audit Committee to assist, through its audits, in the assessment or investigation of an alleged breach.</u>	Lifted from the last sentence of Section 1.1.5 (Issue 2.0) with some revisions	-	-
			<u>1.3.4 For the purpose of this Manual, any act, omission, conduct or behavior and the like contrary to or not in compliance with the WESM Rules and the Retail Rules including its Market Manuals shall be considered a breach.</u>	Lifted from Section 1.1.4 (Issue 2.0) with some revisions	-	-
		1.3 Review and Updates	1.3 Review and Updates		-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		1.3.1 The PEM Board, with the assistance of the PEM Auditor, shall maintain this Manual under review, to identify any need for updates and amendments.	1.1.1 1.3.1 The PEM Board, with the assistance of the PEM Auditor, shall maintain this Manual under review, to identify any need for updates and amendments.	The responsibility to review and update the manual was included under the Section 3.1.9 (Responsibility).	-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

		<p>1.1.2</p> <p>1.3.2</p> <p><i>Amendment to the provisions of this Manual requires the approval of the PEM Board. After each such approval, the amended Manual shall be published in the Market Information Website. Subject to the Manual of Procedures on Changes to the WESM Rules, the approval of the PEM Board shall specify the date when the amended Manual becomes effective. However, no such amendment and/or change to this Manual shall</i></p>	<p>1.3.2 Amendment to the provisions of this Manual requires the approval of the PEM Board. After each such approval, the amended Manual shall be published in the Market Information Website. Subject to the Manual of Procedures on Changes to the WESM Rules, the approval of the PEM Board shall specify the date when the amended Manual becomes effective. However, no such amendment and/or change to this Manual shall be retroactively applied.</p>	<p>The procedures in amending a Market Manual, including the PEM Audit Manual is covered in the Rules Change Manual and thus suggested to no longer be included in the PEM Audit Manual. The proposed Section 8 (Amendment and Effectivity of the Manual) also indicates this.</p>	-	-
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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<i>be retroactively applied.</i>				

[Signature]

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

		<p>1.1.3 1.3.3 Amendment proposals to this Manual may arise from</p> <p>1.1.4</p> <p>1.1.5 (a) The PEM Board, upon its own initiative or upon a recommendation by other PEM Committees;</p> <p>1.1.6 (b) A WESM Member, the Market Operator or any party affected by the operations of this Manual; and</p> <p>1.1.7 (c) The PEM Auditor in view of: 1.1.8i. Audit experiences, problems or other issues that arise in the implementation and application of</p>	<p>1.3.3 Amendment proposals to this Manual may arise from</p> <p>(a) The PEM Board, upon its own initiative or upon a recommendation by other PEM Committees;</p> <p>(b) A WESM Member, the Market Operator or any party affected by the operations of this Manual; and</p> <p>(c) The PEM Auditor in view of: i. Audit experiences, problems or other issues that arise in the implementation and application of this Manual; or ii. Amendments to the WESM Rules or other Applicable Law,</p>	<p>The reasons for amending any Market Manual are already included in the Rules Change Manual and thus suggested to no longer be included in the PEM Audit Manual.</p>	-	-
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Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p><i>this Manual;</i> <i>or</i> 1.1.9ii. <i>Amendments to the WESM Rules or other Applicable Law, Rules and Regulations;</i> <i>or</i> 1.1.10 iii. <i>Conflict of interpretation;</i> <i>or</i> 1.1.11 iv. <i>Provisions or parts of this Manual being annulled or declared invalid.</i></p>	<p>Rules and Regulations; or iii. Conflict of interpretation; or iv. Provisions or parts of this Manual being annulled or declared invalid.</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		1.1.12 1.3.4 <i>Amendment proposals shall be submitted, reviewed and approved in accordance with the procedures in the Rules Change Manual.</i>	1.3.4 Amendment proposals shall be submitted, reviewed and approved in accordance with the procedures in the Rules Change Manual.	These provisions are already part of the Rules Change Manual.	-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

		<p>1.1.13 1.3.5 <i>The responsibility for drafting the amendments occasioned and approved by the above-described circumstances shall lie with –</i></p> <p>1.1.14</p> <p>1.1.15 (a) <i>The Rules Change Committee regarding amendments to this Manual that are required or otherwise attributable to amendments to the WESM Rules or other Applicable Law, Rules and Regulations; or</i></p> <p>1.1.16</p> <p>1.1.17 (b) <i>The PEM Auditor in all other amendments provided however that the PEM</i></p>	<p>1.3.5 The responsibility for drafting the amendments occasioned and approved by the above-described circumstances shall lie with</p> <p>=</p> <p>(a) The Rules Change Committee regarding amendments to this Manual that are required or otherwise attributable to amendments to the WESM Rules or other Applicable Law, Rules and Regulations; or</p> <p>(b) The PEM Auditor in all other amendments provided however that the PEM Auditor may request the assistance of the</p>	<p>These provisions are already part of the Rules Change Manual.</p>	-	-
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Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<i>Auditor may request the assistance of the Rules Change Committee.</i>	Rules Change Committee.			
Definitions, Interpretation and Construction	2	<p>2.1 Definitions</p> <p>Unless otherwise defined in this Manual, terms and acronyms used in this Manual shall have the same definition as that in the WESM Rules.</p>	<p>2.1 Definitions</p> <p>Unless otherwise defined in this Manual, terms and acronyms used in this Manual shall have the same definition as that in the WESM Rules.</p>	<p>The items deleted are either already defined in the WESM Rules, are already not applicable, or not used in the Manual because of the proposed general changes.</p> <p>The terms retained are commonly used terms in the Manual.</p>	-	-
		<ul style="list-style-type: none"> Act means the Republic Act No. 9136 also known as the Electric Power Industry Reform Act (EPIRA), as they may be issued or modified by competent authorities from time to time. 	<ul style="list-style-type: none"> Act means the Republic Act No. 9136 also known as the Electric Power Industry Reform Act (EPIRA), as they may be issued or modified by competent authorities from time to time. 		-	-
		<ul style="list-style-type: none"> Applicable Law, Rules and Regulations shall include the EPIRA and its Implementing Rules 	<ul style="list-style-type: none"> Applicable Law, Rules and Regulations shall include the EPIRA and its Implementing Rules 		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and Regulations, the Philippine Grid Code, the Philippine Distribution Code, the WESM Rules and Market Manuals, the Competition Rules, and such other codes, rules, regulations, issuances related to the WESM, as they may be issued or modified by competent authorities from time to time.	and Regulations, the Philippine Grid Code, the Philippine Distribution Code, the WESM Rules and Market Manuals, the Competition Rules, and such other codes, rules, regulations, issuances related to the WESM, as they may be issued or modified by competent authorities from time to time.			
		<ul style="list-style-type: none"> Audit Committee refers to a group of experts selected by the PEM Auditor to act as auditors and support the audit functions in the WESM. 	<ul style="list-style-type: none"> Audit Committee refers to a group of experts selected by the PEM Auditor to act as auditors and support the audit functions in the WESM. 		-	-
		<ul style="list-style-type: none"> Audit Report means the report of the PEM Auditor or the Audit Committee that presents audit results and recommendations. 	<ul style="list-style-type: none"> Audit Report means <u>refers to</u> the report of the PEM Auditor or the Audit Committee or the <u>Independent Auditor</u> that presents the audit 		<ul style="list-style-type: none"> Audit Report means <u>refers to</u> the report of the PEM Auditor or the Audit Committee or the <u>auditors</u> that presents the audit results and recommendations. 	The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			results and recommendations.			
		<ul style="list-style-type: none"> DOE refers to the Department of Energy, the government agency created pursuant to Republic Act No. 7638. 	<ul style="list-style-type: none"> DOE refers to the Department of Energy, the government agency created pursuant to Republic Act No. 7638. 		-	-
		<ul style="list-style-type: none"> Enforcement and Compliance Officer (ECO) refers to an officer of the PEMC in charge of the compliance and enforcement functions and responsibilities as established in the WESM Rules, and in charge of the corresponding procedures established in the Compliance and Enforcement Market Manual. 	<ul style="list-style-type: none"> Enforcement and Compliance Officer (ECO) refers to an officer of the PEMC in charge of the compliance and enforcement functions and responsibilities as established in the WESM Rules, and in charge of the corresponding procedures established in the Compliance and Enforcement Market Manual. 		-	-
		<ul style="list-style-type: none"> ERC refers to the Energy Regulatory Commission, the independent quasi- 	<ul style="list-style-type: none"> ERC refers to the Energy Regulatory Commission, the independent quasi- 		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		judicial regulatory body created by the EPIRA.	judicial regulatory body created by the EPIRA.			
					<ul style="list-style-type: none"> <u>Independent Auditor refers to the third party entity with adequate expertise, organized to conduct market audits or special audits of the processes and the systems of the WESM, review of the Metering Service Providers (MSPs) and metering installation and arrangement, and audit of the Central Registration Body.</u> 	To define the term independent Auditor while this was proposed to be deleted in the WESM Rules.
		<ul style="list-style-type: none"> Independent means a person that is considered as independent of the Philippine electric power industry, in accordance with the criteria set forth in WESM Rule 1.4.2.7. 	<ul style="list-style-type: none"> Independent means a person that is considered as independent of the Philippine electric power industry, in accordance with the criteria set forth in <u>the</u> WESM Rules. 1.4.2.7. 	In anticipation that the provision defining independent will be reflected in another clause.	-	-
		<ul style="list-style-type: none"> Investigation means an inquiry conducted by the 	Investigation means an inquiry conducted by the		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		ECO or conducted by the MSC upon request by the ECO to verify compliance with the WESM Rules, pursuant to the Compliance and Enforcement Market Manual.	ECO or conducted by the MSC upon request by the ECO to verify compliance with the WESM Rules, pursuant to the Compliance and Enforcement Market Manual.			
		<ul style="list-style-type: none"> Market Manual means a manual of specific procedures, systems and protocols for the implementation of the WESM Rules and for the PEM Committees and the ECO. 	<ul style="list-style-type: none"> Market Manual means a manual of specific procedures, systems and protocols for the implementation of the WESM Rules and for the PEM Committees and the ECO. 		-	-
		<ul style="list-style-type: none"> Market Manual Website means the website that the PEM Board assigns for the publication of the Market Manuals and that can be accessed by WESM members. 	<ul style="list-style-type: none"> Market Manual Website means the website that the PEM Board assigns for the publication of the Market Manuals and that can be accessed by WESM members. 		-	-
		<ul style="list-style-type: none"> Manual refers to this PEM Audits Market Manual. 	<ul style="list-style-type: none"> Manual refers to this PEM Audits Market Manual. 		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<ul style="list-style-type: none"> Market Information Website means the website for the publication of information and results of the WESM established in accordance with the WESM Rules. 	<ul style="list-style-type: none"> Market Information Website means the website for the publication of information and results of the WESM established in accordance with the WESM Rules. 		-	-
		<ul style="list-style-type: none"> Market Surveillance Committee (MSC) refers to the PEM Committee appointed by the PEM Board to monitor and report on activities in the spot market in accordance with the Market Surveillance Market Manual. 	<ul style="list-style-type: none"> Market Surveillance Committee (MSC) refers to the PEM Committee appointed by the PEM Board to monitor and report on activities in the spot market in accordance with the Market Surveillance Market Manual. 		-	-
		<ul style="list-style-type: none"> Metering Services Provider refers to a person or entity authorized by the ERC to provide metering services and registered with the Market Operator in that capacity in accordance with 	<ul style="list-style-type: none"> Metering Services Provider refers to a person or entity authorized by the ERC to provide metering services and registered with the Market Operator in that capacity in accordance with 		-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		clause 2.3.6 of the WESM Rules.	clause 2.3.6 of the WESM Rules.			
		<ul style="list-style-type: none"> • PEM Auditor refers to the auditor appointed by the PEM Board as defined in the WESM Rules and tasked to undertake the functions and activities set out in this Manual. 	<ul style="list-style-type: none"> • PEM Auditor refers to the auditor appointed by the PEM Board as defined in the WESM Rules and tasked to undertake the functions and activities set out in this Manual. 		-	-
		<ul style="list-style-type: none"> • PEM Board refers to the Board of Directors of the PEMC that is responsible for governing the WESM. 	<ul style="list-style-type: none"> • PEM Board refers to the Board of Directors of the PEMC that is responsible for governing the WESM. 		-	-
		<ul style="list-style-type: none"> • PEM Committee refers to a Committee duly provided for under the WESM Rules and such other committees created by the PEM Board from time to time be, including for purposes of this Manual, the PEM Auditor, the Technical Committee and the MSC. 	<ul style="list-style-type: none"> • PEM Committee refers to a Committee duly provided for under the WESM Rules and such other committees created by the PEM Board from time to time be, including for purposes of this Manual, the PEM Auditor, the Technical Committee and the MSC. 		-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<ul style="list-style-type: none"> PEMC refers to the Philippine Electricity Market Corporation, a non-stock, non-profit public-private partnership that governs the wholesale electricity spot market (WESM). 	<ul style="list-style-type: none"> PEMC refers to the Philippine Electricity Market Corporation, a non-stock, non-profit public-private partnership that governs the wholesale electricity spot market (WESM). 		-	-
		<ul style="list-style-type: none"> PEMC Charter refers to the Articles of Incorporation and By-Laws of the PEMC, as approved by the Securities and Exchange Commission on 18 November 2003, and as they may be amended from time to time. 	<ul style="list-style-type: none"> PEMC Charter refers to the Articles of Incorporation and By-Laws of the PEMC, as approved by the Securities and Exchange Commission on 18 November 2003, and as they may be amended from time to time 		-	-
		<ul style="list-style-type: none"> Rules denote the WESM Rules. 	<ul style="list-style-type: none"> Rules denote the WESM Rules. 			
		<ul style="list-style-type: none"> Rules Change Committee refers to the committee established by WESM Rule 8.2 to review and propose amendments to the WESM Rules. 	<ul style="list-style-type: none"> Rules Change Committee refers to the committee established by WESM Rule 8.2 to review and propose amendments to the WESM Rules. 		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<ul style="list-style-type: none"> Selection Committee refers to the Committee composed of at least three (3) members of the PEM Board, one of whom should be an Independent PEM Board director, which is tasked to review and evaluate the qualifications of all persons nominated to any PEM Committee requiring appointment by the PEM Board. 	<ul style="list-style-type: none"> Selection Committee refers to the Committee composed of at least three (3) members of the PEM Board, one of whom should be an Independent PEM Board director, which is tasked to review and evaluate the qualifications of all persons nominated to any PEM Committee requiring appointment by the PEM Board. 		-	-
		<ul style="list-style-type: none"> Technical Committee refers to the group of persons appointed by the PEM Board to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and Distribution Code, in accordance with WESM Rule 1.7; 	<ul style="list-style-type: none"> Technical Committee refers to the group of persons appointed by the PEM Board to monitor and review technical matters under and in relation to the WESM Rules, the Grid Code and Distribution Code, in accordance with WESM Rule 1.7; 			
		<ul style="list-style-type: none"> Trading Participant is a person or entity 	<ul style="list-style-type: none"> Trading Participant is a person or entity 		-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		registered with the Market Operator in accordance with WESM Rule 2.3.3 as either a customer or a generation company.	registered with the Market Operator in accordance with WESM Rule 2.3.3 as either a customer or a generation company.			
		<ul style="list-style-type: none"> WESM Objectives refers to the objectives of the spot market as defined in WESM Rule 1.2.5. 	<ul style="list-style-type: none"> WESM Objectives refers to the objectives of the spot market as defined in WESM Rule 1.2.5. 		-	-
		<ul style="list-style-type: none"> WESM Member means a person who is registered with the Market Operator in accordance with WESM Rules 2.3 and 2.4, and that includes Trading Participants, Metering Services Providers, Network Service Providers, Ancillary Services Providers and the System Operator. 	<ul style="list-style-type: none"> WESM Member means a person who is registered with the Market Operator in accordance with WESM Rules 2.3 and 2.4, and that includes Trading Participants, Metering Services Providers, Network Service Providers, Ancillary Services Providers and the System Operator. 			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Interpretation and Construction	2.2.8	2.2.8 The provisions in this Manual, the WESM Rules and other Market Manuals shall be read, construed and interpreted in such a manner as to harmonize and reconcile each and every provision thereof. In the event of inconsistency, the WESM Rules shall prevail.	2.2.8 The provisions in this Manual, the WESM Rules, <u>the Retail Rules</u> and other Market Manuals shall be read, construed and interpreted in such a manner as to harmonize and reconcile each and every provision thereof. In the event of inconsistency, the WESM Rules <u>or the Retail Rules, whichever is applicable</u> shall prevail.	Revised to include the Retails Rules.	-	-
		2.2.10 If part of a provision of this Manual be invalidated or nullified by any court or authority of competent jurisdiction, but the rest of such provision would remain valid if part of the wording were deleted, the provision shall apply with such minimum modification as may be: (a) Necessary to make it valid and effective; and (b) Most closely achieves the result of the original wording but without	2.2.10 If part of a provision of this Manual should be invalidated or nullified by any court or authority of competent jurisdiction, but the rest of such provision would remain valid if part of the wording were deleted, the provision shall apply with such minimum modification as may be: <u>a)</u> (a) Necessary to make it valid and effective; and <u>b)</u> (b) Most closely achieves the result of the original wording but	Clerical edit	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		affecting the meaning or validity of any other provision of this Manual.	without affecting the meaning or validity of any other provision of this Manual.			
The PEM Auditor	3	3. The PEM Auditor	3. The PEM <u>Audit Committee</u> Auditor		-	-
Responsibilities		3.1.1 The main responsibility of the PEM Auditor is to conduct, on his own or through appointment of auditors, and to coordinate and supervise effective and independent audits of the operation of the spot market and of the Market Operator, in order to reinforce Trading Participants' confidence in the transparency and adequacy of the operation of the WESM.	3.1.1 <u>Pursuant to WESM Rules Clause 1.5.2,</u> The main responsibility of the PEM Auditor <u>Audit Committee</u> is to <u>shall oversee</u> the conduct, on his own or through appointment of auditors, and to coordinate and supervise of effective and independent audits of the operation of the spot market and of the Market Operator, <u>and the Metering Services Providers in accordance with the processes discussed in this Manual and provide recommendations consistent with the WESM Objectives,</u> in order to reinforce <u>the</u> Trading	There is no need to indicate in this sentence the qualification that the audit may be through the engagement of external auditors, noting that this is an administrative function of PEMC. Lays out the main responsibility of the PEM Audit Committee to conduct the audit of the MO and the MSPs.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			Participants' confidence in the transparency and adequacy of the operation of the WESM <u>and the Retail Market.</u>			
		3.1.2 To support and facilitate assessments or investigations of an alleged breach to the WESM Rules and when requested by the ECO, the PEM Auditor may conduct specific audits on WESM Members, the System Operator or the Market Operator pursuant to compliance with standards, systems and procedures established in the WESM Rules.	3.1.2 To <u>The PEM Audit Committee shall</u> support and facilitate <u>the</u> assessments or investigations of an alleged breach to <u>of</u> the WESM Rules, <u>the Retail Rules or its Market Manuals,</u> and when. <u>whenever</u> requested by the ECO or the PEM Board. <u>In this regard,</u> the PEM Auditor <u>Audit Committee</u> it may <u>initiate</u> <u>the</u> conduct <u>of</u> specific audits of WESM Members, <u>Metering Service Providers,</u> the System Operator or the Market Operator pursuant to compliance with <u>the</u> standards, systems and procedures established in the WESM Rules, <u>the</u>	The provision was rephrased for clarity. Last paragraph was lifted from Section 1.1.5 (Issue 2.0)	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Retail Rules or its Market Manuals. The PEM Audit Committee shall coordinate and supervise the required audits, inform the PEM Board and/or the ECO of its audit findings and give its opinion in relation to the alleged breach.</u>			
		3.1.3 In the performance of its responsibilities, the PEM Auditor shall endeavor to conduct audits and make recommendations consistent with - (a) The WESM Objectives; (b) The development of the WESM in a manner that is sustainable, competitive, efficient, transparent and reliable; (c) Non discrimination; (d) Consistency and transparency; and	3.1.3 In the performance of its responsibilities, the PEM <u>Audit Committee</u> Auditor shall endeavor to conduct audits and <u>provide its</u> make recommendations consistent with - (a) The WESM Objectives; <u>a) (b)</u> The development of the WESM <u>and the Retail Market</u> in a manner that is sustainable, competitive, efficient, transparent and reliable;	Revised - The alignment with WESM Objectives is already mentioned in Section 3.1.1, emphasizing the responsibility of the PAC to recommend consistent with the WESM Objectives. Letter c is already part of WESM Objectives – that a level playing field exists among WESM Participants	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(e) Efficient and effective systems, software and working processes.	(c) Non discrimination; b) (d) Consistency and transparency; and c) (e) Efficient and effective systems, software and working processes.			
		3.1.4 The PEM Auditor shall observe all provisions of the WESM Rules, its Market Manuals and the PEMC Charter that are applicable to its functions and responsibilities, as well as any standard of conduct or conflict of interest guidelines prescribed by the PEM Board by resolution.	3.1.4 The PEM Auditor <u>Audit Committee</u> shall observe all provisions of the WESM Rules, <u>the Retail Rules and its</u> Market Manuals and the PEMC Charter that are applicable to its functions and responsibilities, as well as any standard of conduct or, conflict of interest guidelines prescribed by the PEM Board. by resolution.	The provision was rephrased for clarity.		
		3.6.1 The PEM Auditor shall implement effective data management on audit processes and shall organize, maintain and review audit results, findings	3.1.5 3.6.1 The PEM <u>Audit Committee</u> Auditor shall implement effective data management on <u>of its</u> audit processes and shall organize, maintain and	Lifted from Section 3.6.1 and revised and transferred to appropriate sections of the Manual	-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and the implementation of audit recommendations	review audit results, findings and the implementation of audit recommendations.			
		3.6.2 The PEM Auditor shall ensure adequate follow up of each audit recommendation, and shall verify, in relation to problems and issues identified in an audit, whether the recommendations were implemented and, if so, whether they were successful in achieving the desired outcomes and solving the identified problems.	3.1.6 3.6.2 The PEM Audit Committee Auditor shall ensure adequate follow up of each all audit recommendations, and shall verify, in relation to problems and issues identified in an audit, whether the action plans to address the audit findings and recommendations were where implemented. Likewise, the PEM Audit Committee shall assess if the action plans addressed the audit findings and achieved and, if so, whether they were successful in achieving the desired outcomes and solving solved the identified problems.	Lifted from Section 3.6.2 with some revisions. This is to provide basis for the current practice of the PAC in reviewing the audit results, managing the audit processes and providing assessment to the audit action plans being implemented by auditees.		
		3.6.3 The PEM Auditor shall implement a formal mechanism for tracking the	3.1.7 3.6.3 The PEM Audit Committee Auditor shall implement a formal	Lifted from Section 3.6.3 with revisions for clarity	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected.	mechanism <u>to track the</u> for tracking the development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected. <u>status of action plans committed to address deficiencies identified in the audits.</u>			

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Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

		<p><i>3.6.4 The PEM Auditor shall implement for each audit a post-implementation review to ensure that appropriate emphasis is given to the audit findings and that the relevant parties are implementing the recommendations. In particular, the PEM Auditor shall include the following as part of the scope of work of each audit, viz.:</i></p> <p>.18</p> <p>(a) The review of the measures implemented and actions taken in view of the recommendations of the previous similar audit;</p> <p>(b) Comments on the adequacy of the measures implemented and actions taken in view of the findings and recommendations of the previous audit; and</p>	<p>3.1.8 3.6.4 The PEM Audit Committee shall implement for each audit conducted a post-implementation review to ensure that appropriate attention emphasis is given to the audit findings and that the concerned relevant parties are implementing the action plans committed to address the audit findings recommendations. In particular, the PEM Audit Committee Auditor— shall include the following as part of the scope of work of each audit, viz.:</p> <p>a) (a) The review of the measures implemented and actions taken in view of the recommendations made for the same type of audit conducted previously;</p> <p>b) (b) Comments on the adequacy of the measures implemented and</p>	Lifted from Section 3.6.4 with minor revisions	-	-
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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(c) Further recommendations, if a problem found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in the previous audit.	actions taken in view of the findings and recommendations of the previous audit; and c) (e) Further recommendations, if a problem s found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in the previous audit.			
		1.3.1 The PEM Board, with the assistance of the PEM Auditor, shall maintain this Manual under review, to identify any need for updates and amendments.	3.1.9 1.3.1 The PEM Audit Committee Board, with the assistance of the PEM Auditor, shall maintain this Manual under review this Manual annually , to identify any need for updates and amendments.	Lifted from Section 1.3.1 as revised	-	-
		3.1.5 The PEM Board, through the President of the PEMC, shall exercise administrative supervision	3.1.5 The PEM Board, through the President of the PEMC, shall exercise administrative supervision	Deleted since these provisions are already in the Guidelines Governing the	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		over the PEM Auditor. As such, the President shall exercise the following functions: (a) Monitor the performance of the PEM Auditor, including the Audit Committee; (b) Provide recommendation on any adjustments of honoraria that may be received by the PEM Auditor, including the Audit Committee; (c) Recommend the termination and removal of the PEM Auditor or member of the Audit Committee.	over the PEM Auditor. As such, the President shall exercise the following functions: (a) Monitor the performance of the PEM Auditor, including the Audit Committee; (b) Provide recommendation on any adjustments of honoraria that may be received by the PEM Auditor, including the Audit Committee; (c) Recommend the termination and removal of the PEM Auditor or member of the Audit Committee.	Constitution of the PEM Board Committees.		
Scope of Work and Functions		3.2.1 The PEM Auditor has the following scope of work and specific functions:	3.2.1 The PEM Audit Committee Auditor has the following scope of work and specific functions:	Global Change on the name of the Committee	-	-
		(a) Administer and ensure the effective implementation and operation of the audit	a) (a) Administer and ensure the effective implementation and operation of the audit		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		provisions of this Manual;	provisions of this Manual;			
		(b) Review the adequacy and test any new, upgraded or modified software of the Market Operator for the WESM or provided to WESM Members for their own use;	b) (b) Review the adequacy and test any new, upgraded or modified software of the Market Operator for the WESM or provided to WESM Members for their own use;		-	-
			<u>c) Test and check any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by retail market participants;</u>	To include software used by the CRB for the retail market	-	-
		(c) Ensure effective and independent audits of the spot market and of the Market Operator, particularly but not limited to: (i) The audit of the generation	d) (e) <u>Conduct</u> Ensure effective and independent market audits of the spot market and of the Market Operator, particularly but not limited to:	To cover all audits and reviews of systems, procedures, processes, persons, or other matters relevant to the WESM		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>scheduling and dispatch process, price calculation, market settlement; and</p> <p>(ii) The audit of any other procedures, processes, persons, systems or other matters relevant to the WESM and the implementation of the WESM Rules;</p>	<p><u>i</u> (i) The audit of the generation scheduling and dispatch process, price calculation, market settlement; and</p> <p><u>ii</u> (ii) The audit of any other procedures, processes, persons, systems or other matters relevant to the WESM and the implementation of the WESM Rules;</p>			
			<p><u>e) Conduct an audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operations of the Central Registration</u></p>	To cover all audits and reviews of systems, procedures, processes, persons, or other matters relevant to the retail market	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Body and the performance of its functions.</u>			
		(d) Review or audit specific procedures, standards, facilities or systems related to generation scheduling, dispatch, prices and settlement at the request of the PEM Board, either to assess adequacy of such matters, procedures or processes, or to audit compliance;	f) (d) Review or audit specific procedures, standards, facilities or systems related to generation scheduling, dispatch, prices and settlement at the request of the PEM Board, either to assess adequacy of such matters, procedures or processes, or to audit compliance;	Renumbering	-	-
		e) During an investigation of an alleged breach, and upon the request of the ECO, assess or audit compliance by a WESM Member, the System Operator or the Market Operator on systems or procedures in relation to generation scheduling, dispatch and	g) (e) During an investigation of an alleged breach, and upon the request of the ECO <u>or the PEM Board,</u> assess or audit compliance by a WESM Member, <u>Metering Services Provider/s,</u> the System Operator or the Market Operator	To include the PEM Board in the parties who may request compliance audits To include MSPs in the parties who may be audited for compliance to the WESM Rules or Retail Rules	--	



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		settlement, or other systems and procedures established in the WESM Rules;	on systems or procedures in relation to generation scheduling, dispatch and settlement, or other systems and procedures established in the WESM Rules <u>or</u> Retail Rules ;			
		(f) Submit written proposals of changes to the WESM Rules concerning generation scheduling, central dispatch, settlement and other matters covered in its auditing activities, if the PEM Auditor detects deficiencies as a result of an audit or review process, or other test or check performed in the course of its duties;	h) (f) Submit written proposals of for changes to the WESM Rules, <u>the Retail Rules and applicable manuals</u> concerning generation scheduling, central dispatch, settlement and other matters covered in its auditing activities, if the PEM Auditor <u>Audit Committee</u> detects <u>identifies</u> deficiencies as a result of an audit or review process, or other tests or checks performed in the course of its duties;	Global Change on the name of the Committee Included in scope the Retail Rules and applicable manuals	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(g) Select and propose, experts or expert teams to be contracted as special external auditors for specific and specialized audits;	j) (g) Participate in the process for the Selection of <u>Independent Auditors</u> and propose, experts or expert teams to be contracted as special external auditors for specific and specialized audits;	Consistent with current practice of engaging external auditors who will conduct independent audits	-	-
		(h) Prepare audit reports with the main audit findings and the recommendations to be implemented, and see that the reports are published in the Market Information Website;	j) (h) Prepare audit reports <u>containing</u> with the main audit findings and the recommendations to be implemented, and see <u>ensure</u> that the reports are published in the Market Information <u>PEMC</u> Website;	For clarity	-	-
		(i) Maintain data, reports and other information related to the development and results of the audit processes; and,	k) (i) Maintain data, reports and other information related to the development and results of the audit processes; and,	Renumbering	-	-
		(j) Conduct audit of market assessment	l) (j) Conduct <u>an</u> audit of <u>the</u> market assessment	Renumbering and clerical revision		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		system to determine if the system is producing outcomes consistent with the WESM Rules and the WESM objectives.	system to determine if the system is producing outcomes consistent with the WESM Rules and the WESM objectives.			
		3.2.2 In performing its audit work, the PEM Auditor may request to contract, subject to the PEM Board approval, independent persons or teams with adequate expertise to act as auditors in specific and specialized audits.	3.2.2 In performing its audit work, the PEM Auditor <u>Audit Committee</u> may request to contract, subject to the PEM Board approval, independent persons or teams <u>Independent Auditors</u> with adequate expertise to act as auditors <u>for</u> in specific and specialized audits.	Global Change on the name of the Committee The approval of the PEM Board on contracting the engagement of external auditors will only be necessary if the amount falls under their approving authority. Said levels of approving authorities are provided in the PEMC's Manual of approvals	3.2.2 In performing its audit work, the PEM Auditor <u>Audit Committee</u> may request to contract, <u>engage the services of qualified team of auditors</u> subject to the PEM Board approval, independent persons or teams with adequate expertise to act as auditors in specific and specialized audits.	To provide options for the engagement of auditors consistent with the proposed revisions in PEM Audit Manual.
		3.3 Selection and Appointment	3.3 Selection and Appointment	The provisions in this section are already in the Guidelines for the Constitution of PEM Committees and thus were no longer included in this manual.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		3.3.1 The PEM Board shall select and appoint a person with the qualifications and requisites established in this Manual to perform the mandate of the PEM Auditor.	3.3.1 The PEM Board shall select and appoint a person with the qualifications and requisites established in this Manual to perform the mandate of the PEM Auditor.		-	-
		3.3.2 Selections shall be made at least one month before the expiration of the term of the PEM Auditor or within one month after a vacancy has occurred in the position of PEM Auditor. PEM Board shall publish in a newspaper of general circulation and post in the Market Information Website a notice calling for the submission of qualified nominees. Any person or entity making such nomination must submit a nomination form as prescribed by the PEM Board.	3.3.2 Selections shall be made at least one month before the expiration of the term of the PEM Auditor or within one month after a vacancy has occurred in the position of PEM Auditor. PEM Board shall publish in a newspaper of general circulation and post in the Market Information Website a notice calling for the submission of qualified nominees. Any person or entity making such nomination must submit a nomination form as prescribed by the PEM Board.		-	-
		3.3.3 The Selection Committee shall review the persons nominated and	3.3.3 The Selection Committee shall review the persons nominated and		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		request from those that it considers compliant with the qualifications and requisites, the submission of an expression of interest with their qualifications and experience.	request from those that it considers compliant with the qualifications and requisites, the submission of an expression of interest with their qualifications and experience.			
		3.3.4 The Selection Committee will review the submissions received and select the person best qualified and complies with the independence requisites. In determining the list of nominees, the Selection Committee shall consider foreign professionals only if such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either for lack of local experts or if his or her service will promote the advancement of the WESM.	3.3.4 The Selection Committee will review the submissions received and select the person best qualified and complies with the independence requisites. In determining the list of nominees, the Selection Committee shall consider foreign professionals only if such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either for lack of local experts or if his or her service will promote the advancement of the WESM.		-	-
		3.3.5 Upon receipt of the list of qualified nominees	3.3.5 Upon receipt of the list of qualified nominees		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		from the Selection Committee, the PEM Board shall post in the Market Information Website and make available to all WESM Members the list of nominees	from the Selection Committee, the PEM Board shall post in the Market Information Website and make available to all WESM Members the list of nominees.			
		3.3.6 The PEM Board shall, by resolution, approve and confirm the PEM Auditor recommended by the Selection Committee from among the list of qualified nominees.	3.3.6 The PEM Board shall, by resolution, approve and confirm the PEM Auditor recommended by the Selection Committee from among the list of qualified nominees.		-	-
		3.4 Qualifications and Disqualifications	3.4 Qualifications and Disqualifications		-	-
		3.4.1 To be a PEM Auditor, a person must fulfill the following requisites and possess the following qualifications: (a) Be a natural person; (b) Be of legal age; (c) Be of sound mind;	3.4.1 To be a PEM Auditor, a person must fulfill the following requisites and possess the following qualifications: (a) Be a natural person; (b) Be of legal age; (c) Be of sound mind;		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(d) Be at least a college graduate, provided that this qualification shall not apply to those with at least ten (10) years of relevant experience in their field of expertise;</p> <p>(e) Have an understanding of the processes and types of software involved in generation scheduling and centralized economic security constrained dispatch in power systems;</p> <p>(f) Have an understanding of the electricity industry in Philippines, the WESM Rules, and of the settlement requirements in the WESM, at least possessing the</p>	<p>(d) Be at least a college graduate, provided that this qualification shall not apply to those with at least ten (10) years of relevant experience in their field of expertise;</p> <p>(e) Have an understanding of the processes and types of software involved in generation scheduling and centralized economic security constrained dispatch in power systems;</p> <p>(f) Have an understanding of the electricity industry in Philippines, the WESM Rules, and of the settlement</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>capacity to quickly acquire such an understanding;</p> <p>(g) Be Independent; and</p> <p>(h) Be objective, without any interference or undue influence from the Market Operator, System Operator or any WESM Member.</p>	<p>requirements in the WESM, at least possessing the capacity to quickly acquire such an understanding;</p> <p>(g) Be Independent; and</p> <p>(h) Be objective, without any interference or undue influence from the Market Operator, System Operator or any WESM Member.</p>			
		<p>3.4.2 In addition to the qualification requirements in the previous paragraph, the PEM Auditor must not be and not have been:</p> <p>(a) Convicted by final judgment of an offense involving moral turpitude or any</p>	<p>3.4.2 In addition to the qualification requirements in the previous paragraph, the PEM Auditor must not be and not have been:</p> <p>(a) Convicted by final judgment of an offense involving moral turpitude or any</p>		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		fraudulent act or transgression;	fraudulent act or transgression;			
		(b) Found with finality by a court of competent jurisdiction or a quasi-judicial body to have willfully violated, or aided, abetted, counseled, induced or procured the violation of any Applicable Law, Rules and Regulations;	(b) Found with finality by a court of competent jurisdiction or a quasi-judicial body to have willfully violated, or aided, abetted, counseled, induced or procured the violation of any Applicable Law, Rules and Regulations;			
		(c) Judicially declared to be insolvent;	(c) Judicially declared to be insolvent;			
		(d) Found guilty by final judgment by a foreign court or equivalent regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;	(d) Found guilty by final judgment by a foreign court or equivalent regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;			
		(e) Convicted by final judgment of an offense	(e) Convicted by final judgment of an offense			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		punishable by imprisonment for a period exceeding six (6) years.	punishable by imprisonment for a period exceeding six (6) years.			
		3.4.3 Prior to being appointed as PEM Auditor, the person must provide the PEM Board a signed declaration that the person fully complies with the independence requisites established in this Manual and has no conflict with any of the parties covered in this Manual when he assumes the position as a member of the MSC.	3.4.3 Prior to being appointed as PEM Auditor, the person must provide the PEM Board a signed declaration that the person fully complies with the independence requisites established in this Manual and has no conflict with any of the parties covered in this Manual when he assumes the position as a member of the MSC.		-	-
		3.5. Term of Appointment	3.5. Term of Appointment		-	-
		3.5.1 The PEM Auditor shall be appointed for a fixed term of five (5) years and shall be eligible for re-appointment for one additional fixed term of up to five (5) years.	3.5.1 The PEM Auditor shall be appointed for a fixed term of five (5) years and shall be eligible for re-appointment for one additional fixed term of up to five (5) years.		-	-
		3.5.2 The PEM Board may terminate the appointment of	3.5.2 The PEM Board may terminate the appointment			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>the PEM Auditor—prior to the end of its term in the following cases:</p> <p>(a) The PEM Auditor ceases to meet the qualifications and requisites established in this Manual.</p> <p>(b) The PEM Auditor becomes disqualified in accordance to the disqualification conditions in this Manual.</p> <p>(c) The PEM Auditor fails to perform its duties and responsibilities in accordance with this Manual or he acts contrary to the principles and objectives of the WESM.</p> <p>For purposes of this provision, the PEM Board</p>	<p>of the PEM Auditor—prior to the end of its term in the following cases:</p> <p>(a) The PEM Auditor ceases to meet the qualifications and requisites established in this Manual.</p> <p>(b) The PEM Auditor becomes disqualified in accordance to the disqualification conditions in this Manual.</p> <p>(c) The PEM Auditor fails to perform its duties and responsibilities in accordance with this Manual or he acts contrary to the principles and objectives of the WESM.</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		shall constitute an ad hoc committee of three (3) persons, composed of the President of PEMC, an Independent Director, and one member from other committees not belonging to the Audit Committee or Technical Committee. The ad hoc committee shall determine and evaluate whether there is sufficient ground to terminate the PEM Auditor's appointment. A determination made by the ad hoc group finding insufficient grounds for termination shall be final. However, if the ad hoc group finds that there is sufficient ground to seek the termination of the PEM Auditor, the same shall be confirmed by a majority vote of the PEM Board constituting a quorum.	For purposes of this provision, the PEM Board shall constitute an ad hoc committee of three (3) persons, composed of the President of PEMC, an Independent Director, and one member from other committees not belonging to the Audit Committee or Technical Committee. The ad hoc committee shall determine and evaluate whether there is sufficient ground to terminate the PEM Auditor's appointment. A determination made by the ad hoc group finding insufficient grounds for termination shall be final. However, if the ad hoc group finds that there is sufficient ground to seek the termination of the PEM Auditor, the same shall be confirmed by a			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			majority vote of the PEM Board constituting a quorum.			
		<p>3.5.3 The PEM Auditor shall cease to hold office if the said person</p> <p>(a) Resigns prior to the end of its appointment period, or no longer complying with the required qualifications and other requisites, or other personal reasons; or</p> <p>(b) Becomes incapable of performing his duties as stated in this Manual; or</p> <p>(c) Dies.</p>	<p>3.5.3 The PEM Auditor shall cease to hold office if the said person</p> <p>(a) Resigns prior to the end of its appointment period, or no longer complying with the required qualifications and other requisites, or other personal reasons; or</p> <p>(b) Becomes incapable of performing his duties as stated in this Manual; or</p> <p>(c) Dies.</p>		-	-
		3.5.4 For impending vacancy of the PEM Auditor, the PEM Board, through the Selection Committee, shall select a replacement	3.5.4 For impending vacancy of the PEM Auditor, the PEM Board, through the Selection		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		sufficiently in advance to enable the replacement to be available in time. The replacement must meet the qualifications and requisites set forth in this Manual. If the replacement has not been appointed in time, the PEM Board may appoint an officer-in-charge to discharge the functions of the PEM Auditor in a transitory capacity until a permanent and qualifying replacement has been appointed.	Committee, shall select a replacement sufficiently in advance to enable the replacement to be available in time. The replacement must meet the qualifications and requisites set forth in this Manual. If the replacement has not been appointed in time, the PEM Board may appoint an officer-in-charge to discharge the functions of the PEM Auditor in a transitory capacity until a permanent and qualifying replacement has been appointed.			
		3.6 Data Management and On-going Review	3.6 Data Management and On-going Review	The contents of this provision have been transferred to Section 3.1 (PEM Audit Committee)	-	-
		3.6.1 The PEM Auditor shall implement effective data management on audit processes and shall organize, maintain and review audit results, findings	3.6.1 The PEM Auditor shall implement effective data management on audit processes and shall organize, maintain and review audit results, findings	Transferred to 3.1.5 with revisions		

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and the implementation of audit recommendations.	and the implementation of audit recommendations.			
		3.6.2 The PEM Auditor shall ensure adequate follow up of each audit recommendation, and shall verify, in relation to problems and issues identified in an audit, whether the recommendations were implemented and, if so, whether they were successful in achieving the desired outcomes and solving the identified problems.	3.6.2 The PEM Auditor shall ensure adequate follow up of each audit recommendation, and shall verify, in relation to problems and issues identified in an audit, whether the recommendations were implemented and, if so, whether they were successful in achieving the desired outcomes and solving the identified problems.	Transferred to 3.1.6 with revisions	-	-
		3.6.3 The PEM Auditor shall implement a formal mechanism for tracking the development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected.	3.6.3 The PEM Auditor shall implement a formal mechanism for tracking the development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected.	Transferred to 3.1.7 with some revisions	-	-
		3.6.4 The PEM Auditor shall implement for each audit a post-implementation review to ensure that	3.6.4 The PEM Auditor shall implement for each audit a post-implementation review to ensure that	Transferred to 3.1.8 with some revisions	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>appropriate emphasis is given to the audit findings and that the relevant parties are implementing the recommendations. In particular, the PEM Auditor shall include the following as part of the scope of work of each audit, viz.:</p> <p>(a) The review of the measures implemented and actions taken in view of the recommendations of the previous similar audit;</p> <p>(b) Comments on the adequacy of the measures implemented and actions taken in view of the findings and recommendations of the previous audit; and</p> <p>(c) Further recommendations, if</p>	<p>appropriate emphasis is given to the audit findings and that the relevant parties are implementing the recommendations. In particular, the PEM Auditor shall include the following as part of the scope of work of each audit, viz.:</p> <p>(a) The review of the measures implemented and actions taken in view of the recommendations of the previous similar audit;</p> <p>(b) Comments on the adequacy of the measures implemented and actions taken in view of the findings and recommendations of the previous audit; and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		a problem found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in the previous audit.	(c) Further recommendations, if a problem found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in the previous audit.			
		3.7 Reports	3.3-3.7 Reports	Renumbering		
		3.7.1 The PEM Auditor shall present the results of audits, assessments and reviews in the following reports: (a) At the end of each audit, an Audit Report, including an executive summary summing up the outcomes of the audit, main finding and the recommendations;	3.3.1-3.7.1 The PEM Audit Committee Auditor shall submit an Audit Report, to the PEM Board within thirty (30) calendar days after an audit is finalized. present the results of audits, assessments and reviews in the following reports: (a) At the end of each audit, an Audit Report, including an executive summary summing up the	Allows the PEM Audit Committee a more reasonable time within which to submit its Audit Report to the PEM Board.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(b) Rules Review Reports; (c) Software Review Reports; (d) After the annual assessment of metering arrangements, a Metering Arrangements Report; and (e) Compliance Assessment Reports, on the assessment or investigation of alleged breaches.	outcomes of the audit, main finding and the recommendations; (b) Rules Review Reports; (c) Software Review Reports; (d) After the annual assessment of metering arrangements, a Metering Arrangements Report; and (e) Compliance Assessment Reports, on the assessment or investigation of alleged breaches.			
		3.7.2 Within fifteen (15) days after an audit is finalized by the PEM Auditor or by a designated expert or expert team contracted to act as auditor(s), the PEM	3.3.2 3.7.2 Within fifteen (15) days after an audit is finalized by the PEM Auditor or by a designated expert or expert team contracted to act as auditor(s), the PEM	Timeline as revised was moved to the earlier section.		

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>Auditor shall prepare and submit to the PEM Board an Audit Report, containing –</p> <p>(a) An executive summary that provides a concise description of the audit process, its results and recommendations;</p> <p>(b) A description of the scope and nature of the audit, and the parties audited;</p> <p>(c) If external expert auditors were used, the name of the experts or expert team, the description of its relevant expertise and the report prepared by the expert;</p>	<p>Auditor shall prepare and submit to the PEM Board an <u>The Audit Report to be submitted to the PEM Board shall contain the following:</u> containing –</p> <p><u>a)</u> (a) An executive summary that provides a concise description of the audit process, its results and recommendations;</p> <p><u>b)</u> (b) A description of the scope and nature of the audit, and the parties audited;</p> <p><u>c)</u> (c) If external expert auditors were used, the name of the experts or expert team, the description of its</p>		<p>c) (c) If external expert auditors were used, the name of the experts or expert team of auditors, the</p>	<p>The auditors will not be limited to external experts, consistent with the proposed revisions</p>

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) The description of the audit process and outcomes; and</p> <p>(b) The main findings and recommendations.</p> <p>It is hereby provided that all information or data included in the Audit Report will take into consideration the confidentiality practices established in this Manual and the WESM Rules.</p>	<p>relevant expertise and the report prepared by the expert;</p> <p>d) (d) The description of the audit process and outcomes; and</p> <p>e) (e) The main findings and recommendations.</p> <p>It is hereby provided that All information or data included in the Audit Report will take into consideration the confidentiality practices established in this Manual and the WESM Rules.</p>		<p>description of its relevant expertise and the report prepared by the expert auditors;</p>	<p>in PEM Audit Manual.</p>
		3.7.3 The PEM Board shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the	<u>3.3.3-3.7.3 The PEM Audit Committee shall submit the results of the audit conducted to the PEM Board, for its information. A copy of</u>	Clarifies that the PEM Board presentation on the report is only for information purposes.		

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		PEM Board shall inform the PEM Auditor if any recommendation is considered inadequate and should not be implemented.	<p><u>said report shall be provided to the following:</u></p> <p>a) <u>WESM Governance Committees;</u> b) <u>Department of Energy; and</u> c) <u>Energy Regulatory Commission.</u></p> <p>The PEM Board shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the PEM Board shall inform the PEM Auditor if any recommendation is considered inadequate and should not be implemented.</p>	Submission of Audit Reports to the PEM Board for information ensures the independence of market audits.		
		3.7.4 Within five (5) business days after receiving from the PEM Board its review on the audit recommendations, the PEM Auditor shall prepare a revised Audit Report and publish it in the Market	<p>3.3.4-3.7.4 Within <u>fifteen (15)</u> five (5) <u>working</u> days after <u>its presentation to the PEM Board,</u> receiving from the PEM Board its review on the audit recommendations, the PEM <u>Audit Committee</u></p>	Removes the responsibility of the PEM Board to review the audit recommendations given that the Audit Report is for information purposes only. Also clarifies that what is to be published in		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>Information Website. The Audit Report shall include:</p> <p>(a) A description of the scope and nature of the audit, indicating parties audited and experts contracted, if any;</p> <p>(b) A summarized description of the audit process and main findings; and</p> <p>(c) The audit results and recommendations to be implemented.</p>	<p>Auditor shall prepare a <u>public version of the revised</u> Audit Report and publish it <u>the same</u> in the Market Information <u>PEMC</u> Website. The Audit Report <u>to be published</u> shall include:</p> <p><u>a)</u> (a) A description of the scope and nature of the audit, indicating parties audited and experts contracted, if any;</p> <p><u>b)</u> (b) A summarized description of the audit process and main findings; and</p> <p><u>c)</u> (c) The audit results and recommendations to be implemented.</p> <p><u>No information or data that qualifies as confidential shall be</u></p>	<p>the PEMC Website is a public version of the report</p>	<p>a) (a) A description of the scope and nature of the audit, indicating parties audited and experts contracted <u>auditors engaged</u>, if any;</p>	<p>The auditors will not be limited to external experts, consistent with the proposed revisions in PEM Audit Manual.</p>

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>included in the Audit Report for publication.</u>			
		3.7.5 It is hereby provided that no information or data that qualifies as confidential shall be included in the Audit Report.	3.7.5 It is hereby provided that no information or data that qualifies as confidential shall be included in the Audit Report.	Already included in the above section	-	-
		3.7.6 Any WESM Member, the Market Operator, the DOE or the ERC may request for copies of the complete Audit Report, provided that the version provided as a copy shall not include information that qualifies as confidential in accordance with this Manual, with the exemptions to confidentiality provisions established in the WESM Rules.	3.3.5 3.7.6 Any WESM Member, the Market Operator, the DOE or the ERC may request for copies of the complete Audit Report, provided that the version provided as a copy shall not include information that qualifies as confidential in accordance with this Manual, with the exemptions to confidentiality provisions established in the WESM Rules.	Renumbering		
		3.7.7 After the end of a review of the WESM Rules requested by the PEM Board or the Rules Change Committee, the PEM Auditor shall prepare a Rules	3.7.7 After the end of a review of the WESM Rules requested by the PEM Board or the Rules Change Committee, the PEM Auditor shall prepare a Rules	This is no longer necessary as any recommendation for a rules change is already included in the recommendations in the audit reports. Copies of	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Review Report and shall send it to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE.	Review Report and shall send it to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE.	the reports are likewise provided to all WESM Governance Committees including the Rules Change Committee.		
		3.7.8 After finalizing an assessment or audit requested by the ECO in the course of an assessment or investigation of an alleged breach, the PEM Auditor shall prepare and send to the ECO a Compliance Assessment Report.	3.3.6 3.7.8 After finalizing an assessment or audit requested by the ECO in the course of an assessment or investigation of an alleged breach, the PEM <u>Audit Committee</u> Auditor shall prepare and send to the ECO a <u>its</u> Compliance Assessment Report. <u>A copy of the report shall also be furnished the PEM Board for its information.</u>	Same rationale as proposed Section 3.3.3.	-	-
		3.7.9 The PEM Auditor shall prepare and submit to the PEM Board monthly Audit Assessment Reports, which shall contain:	3.3.7 3.7.9 The PEM <u>Audit Committee</u> Auditor shall prepare and submit to the PEM Board <u>Quarterly</u> Audit	The frequency of submission of the Audit Assessment Report is revised to allow for a more reasonable timeline for the PEM Audit	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) A list of the audits in process and the stage of each audit still not finalized;</p> <p>(b) A summarized description of the scope, main finding and recommendations of the audits, assessment and reviews finalized during the month;</p> <p>(c) The developments and implementation of the audit recommendations; and</p> <p>(d) Any recommendation that may arise from the experiences in audit procedures established in this Manual or otherwise observed.</p>	<p>Assessment Reports, which shall contain:</p> <p>(a) A list of the audits in <u>progress</u>process and the stage of each audit still not finalized;</p> <p>(b) A summarized description of the scope, main finding and recommendations of the audits, assessment and reviews finalized during the month;</p> <p>(c) <u>An update on the</u> The developments and implementation of the audit recommendations and <u>committed action plans</u>; and</p> <p>(d) Any recommendation that may arise from</p>	Committee to the submit an assessment report as contents as inputs to the report, specifically updates on action plans committed are sourced from auditees.		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			the experiences in <u>the</u> audits <u>conducted.</u> procedures established in this Manual or otherwise observed.			
		NEW	<u>3.3.8 No later than three (3) months after the end of the calendar year, the PEM Audit Committee shall submit to the PEM Board its Annual Report, which sets out the accomplishments of the Committee during the subject year and the proposed Work Plan for the coming year.</u>	Added the submission of the Annual Report in the Manual, as currently being practised.	-	-
		NEW	<u>3.3.8 The PEM Audit Committee shall publish its Annual Report in the PEMC Website.</u>	Included the publication requirement	-	-
Expert Support	4	Expert Support	4. Expert Support <u>Engagement of Independent Auditors</u>	To make it clear that the Chapter is about the engagement of an external auditors and not just expert support	4. Expert Support <u>Engagement of Qualified Auditors</u>	To provide options for the engagement of auditors

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Scope		<p>4.1.1. To ensure sufficient and adequate expertise, the PEM Auditor may, subject to the PEM Board approval, engage the services of independent persons or teams or companies with special expertise, to act as:</p> <p>(a) Experts for field audits of metering equipment or processes;</p> <p>(b) Experts for the audit and/or certification of the Market Operator software; and</p> <p>(c) Expert teams or companies for the audit of the WESM and the processes and systems in relation to generation</p>	<p>4.1 To ensure sufficient and adequate expertise, <u>Pursuant to WESM Rules Clause 5.2.6.4, and Clause 1.5.1 of the Retail Rules,</u> the PEM Auditor <u>Audit Committee</u> may, subject to the PEM Board approval <u>may</u> engage the services of independent persons or teams or companies <u>an Independent Auditor,</u> special expertise, to act as <u>in the following:</u></p> <p>a) (a) Experts for field audits of <u>Metering Services Providers,</u> and metering equipment, <u>installations</u> or <u>and</u> processes;</p> <p>b) (b) Experts for the audit and/or certification of the</p>	Identifies the audits in scope in the introductory portion of the chapter	<p>4.1 To ensure sufficient and adequate expertise, <u>Pursuant to WESM Rules Clause 5.2.6.4, and Clause 1.5.1 of the Retail Rules,</u> the PEM Auditor <u>Audit Committee</u> may, subject to the PEM Board approval <u>may</u> engage the services of independent persons or teams or companies of <u>qualified team of auditors,</u> special expertise, to act as <u>in the following:</u></p> <p><u>xx</u></p>	To provide options for the engagement of auditors. The PAC may also engage the services of PEMC's internal audit team.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		scheduling, dispatch and settlement of the Market Operator to assess adequacy and verify compliance with the WESM Rules.	<p>c) Market Operator software; (c) Expert teams or companies for the audit of the WESM and the <u>market</u> processes and systems in relation to generation scheduling, dispatch and settlement of the Market Operator to assess adequacy and verify compliance with the WESM Rules;</p> <p>d) <u>audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operation of the Central</u></p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p><u>Registration Body and the performance of its functions as set forth in these Retail Rules;</u></p> <p>e) <u>Testing and checking any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM members;</u></p> <p>f) <u>audit as may be requested in accordance with the Market Surveillance Compliance and Enforcement Manual; and</u></p>		<p><u>XX</u></p>	



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			g) <u>other audits as may be requested by the PEM Board.</u>		<u>The PEM Audit Committee may engage the services of the PEMC Internal Audit Team or request to contract Independent Auditors.</u>	
		4.1.2. The PEM Auditor shall endeavor to maximize the use of the Technical Committee as expert auditors in audits where they have the relevant expertise and subject to compliance with the independence provisions and qualifications established in this Manual.	4.2 The PEM Audit Committee Auditor shall endeavor to maximize the use of the members of the Technical Committee as technical experts or resource persons auditors in relevant audit activities audits that the PEM Audit Committee oversees, audits where they have the relevant expertise, and subject to compliance with the independence provisions and qualifications established in this Manual. by the WESM Rules.	Revision to clarify that the Technical Committee members will not be tapped as auditors but tapped for their expertise on technical matters, as may be needed, (e.g. TWG) This is being clarified for reasons of practicality and availability, because like the PEM Audit Committee, the Technical Committee members are not full time employees of PEMC,	-	-
		4.1.3. For the purpose of providing indicative references, the PEM Auditor shall prepare before the	4.1.3. For the purpose of providing indicative references, the PEM Auditor shall prepare before the	Deleted this provision since this is an administrative function of	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		beginning of each year an estimated budget for external auditors describing: a) Specialised audits that may be required during the year and their estimated duration; and b) Estimated cost of external auditors for the identified specialized audits.	beginning of each year an estimated budget for external auditors describing: a) Specialised audits that may be required during the year and their estimated duration; and b) Estimated cost of external auditors for the identified specialized audits.	the Department assisting the PAC.		
		4.2 Pool of Experts and Audit Committee	4.2 Pool of Experts and Audit Committee	This section is no longer applicable given the engagement of the external auditor. The PAC shall no longer create a pool of experts which will include the Technical Committee, which is not really feasible given the scope of the audits to be conducted but shall instead engage an	-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
				external auditor, subject to the selection process employed by PEMC with the assistance provided by the PAC Secretariat.		
		4.2.1 The PEM Auditor shall nominate and organize a pool of independent experts for audits.	4.2.1 The PEM Auditor shall nominate and organize a pool of independent experts for audits.	Deleted consistent with above		
		4.2.2 The pool of experts shall include: (a) Persons selected from the Technical Committee with specialized technical expertise; and (b) Not less than two (2) and not more than five (5) experts with adequate and proven expertise, to form an Audit Committee.	4.2.2 The pool of experts shall include: (a) Persons selected from the Technical Committee with specialized technical expertise; and (b) Not less than two (2) and not more than five (5) experts with adequate and proven expertise, to form an Audit Committee.	Deleted consistent with above	-	-
		4.2.3 When the PEM Auditor requires expert auditors, it shall prioritize the use of members of the Technical Committee that	4.2.3 When the PEM Auditor requires expert auditors, it shall prioritize the use of members of the Technical Committee that	Deleted consistent with above	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>have been pre-selected to be part of the approved pool of experts, provided that</p> <p>(a) The member of the Technical Committee has the necessary expertise relevant to the specific audit and is independent from the party or parties to be audited; and</p> <p>(b) The person can reject being designated as an auditor due to insufficient time or other work obligations within the Technical Committee.</p>	<p>have been pre-selected to be part of the approved pool of experts, provided that</p> <p>(a) The member of the Technical Committee has the necessary expertise relevant to the specific audit and is independent from the party or parties to be audited; and</p> <p>(b) The person can reject being designated as an auditor due to insufficient time or other work obligations within the Technical Committee.</p>			
		4.2.4 In making appointments to the pool of experts and the Audit Committee, the PEM Auditor	4.2.4 In making appointments to the pool of experts and the Audit Committee, the PEM Auditor	Deleted consistent with above		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and the PEM Board shall endeavor to nominate and appoint persons with different relevant experience and knowledge to beget combined expertise adequate to cover the different types of audits specified in this Manual.	and the PEM Board shall endeavor to nominate and appoint persons with different relevant experience and knowledge to beget combined expertise adequate to cover the different types of audits specified in this Manual.			
		4.3 Technical Committee	4.3 Technical Committee		-	-
		4.3.1 The PEM Auditor may request the PEM Board to use persons from the Technical Committee to audit – (a) Technical matters relating to the operation of the spot market; (b) Information technology; (c) Metering technology and data; and	4.3.1 The PEM Auditor may request the PEM Board to use persons from the Technical Committee to audit – (a) Technical matters relating to the operation of the spot market; (b) Information technology; (c) Metering technology and data; and	Deleted consistent with above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(d) Any other matter of a technical nature in relation to the WESM and the WESM Rules.	(d) Any other matter of a technical nature in relation to the WESM and the WESM Rules.			
		4.3.2 A member of the Technical Committee may be selected and included by the PEM Auditor in the pool of auditors available to be designated by the PEM Auditor as expert auditors, provided that the person shall possess relevant expertise for the audits under the responsibility of the PEM Auditor in accordance to this Manual; Provided further that the PEM Board may reject the inclusion of a member of the Technical Committee in the pool of auditors if in its opinion such person does not have adequate knowledge or sufficient expertise.	4.3.2 A member of the Technical Committee may be selected and included by the PEM Auditor in the pool of auditors available to be designated by the PEM Auditor as expert auditors, provided that the person shall possess relevant expertise for the audits under the responsibility of the PEM Auditor in accordance to this Manual; Provided further that the PEM Board may reject the inclusion of a member of the Technical Committee in the pool of auditors if in its opinion such person does not have adequate knowledge or sufficient expertise.	Deleted consistent with above	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		4.3.3 Each member of the Technical Committee included in the pool of auditors that form the Audit Committee shall enter into a confidentiality undertaking, the terms of which shall be prescribed by the PEM Board.	4.3.3 Each member of the Technical Committee included in the pool of auditors that form the Audit Committee shall enter into a confidentiality undertaking, the terms of which shall be prescribed by the PEM Board.	Deleted consistent with above	-	-
		4.4 Selection and Appointment of the Audit Committee	4.4 Selection and Appointment of the Audit Committee	Deleted since the provisions on the selection of the members of the PEM Audit Committee are already in the Guidelines Governing the Constitution of the PEM Board Committees.	-	-
		4.4.1 To be a member of the Audit Committee, a person must meet the same qualifications and not have or had the disqualifications as the ones established in this Manual for the PEM Auditor.	4.4.1 To be a member of the Audit Committee, a person must meet the same qualifications and not have or had the disqualifications as the ones established in this Manual for the PEM Auditor.		-	-
		4.4.2 For the selection and appointment of the members	4.4.2 For the selection and appointment of the members		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		of the Audit Committee, the PEM Auditor shall submit to the Selection Committee the names, qualifications and experience of the candidates. Additionally, the Selection Committee may call for qualified persons to submit their expression of interest and their relevant experience.	of the Audit Committee, the PEM Auditor shall submit to the Selection Committee the names, qualifications and experience of the candidates. Additionally, the Selection Committee may call for qualified persons to submit their expression of interest and their relevant experience.			
		4.4.3 The Selection Committee shall review each expert proposed for the Audit Committee and the PEM Board, by resolution, shall select and appoint the members in accordance with the procedure established in this Manual.	4.4.3 The Selection Committee shall review each expert proposed for the Audit Committee and the PEM Board, by resolution, shall select and appoint the members in accordance with the procedure established in this Manual.		-	-
		4.4.4 Each member shall be appointed for a period of three (3) years, and then eligible for re-appointment. The member shall cease office prior to the end of its appointment period if the person –	4.4.4 Each member shall be appointed for a period of three (3) years, and then eligible for re-appointment. The member shall cease office prior to the end of its appointment period if the person –		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) Dies or resigns;</p> <p>(b) Fails to discharge the obligations of his or her office or is removed for cause as determined by an ad hoc committee of three (3) persons, composed of the PEMC President, an Independent Director, and a member of another Committee not belonging to the Audit Committee, in the same manner as established in Section 3.5.2 of this Manual;</p> <p>(c) No longer meets the qualification requirements established in this Manual; or</p> <p>(d) Becomes disqualified under</p>	<p>(a) Dies or resigns;</p> <p>(b) Fails to discharge the obligations of his or her office or is removed for cause as determined by an ad hoc committee of three (3) persons, composed of the PEMC President, an Independent Director, and a member of another Committee not belonging to the Audit Committee, in the same manner as established in Section 3.5.2 of this Manual;</p> <p>(c) No longer meets the qualification requirements established in this Manual; or</p> <p>(d) Becomes disqualified under the</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the disqualification conditions established in this Manual.	disqualification conditions established in this Manual.			
		4.5 Terms of Reference to Contract External Auditors	4.5 Terms of Reference to Contract External Auditors			
		<p>4.5.1 The PEM Auditor may request to contract external experts for a specialized audit if –</p> <p>(a) The PEM Auditor is unable to conduct the audit itself; and</p> <p>(b) The expertise available in the Technical Committee is insufficient or inadequate; and</p> <p>(c) The expertise available in the Audit Committee is insufficient or inadequate</p>	<p>4.5.1 The PEM Auditor may request to contract external experts for a specialized audit if –</p> <p>(a) The PEM Auditor is unable to conduct the audit itself; and</p> <p>(b) The expertise available in the Technical Committee is insufficient or inadequate; and</p> <p>(c) The expertise available in the Audit Committee is insufficient or inadequate</p>		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		4.5.2 In each instance where the PEM Auditor requires external and independent experts for specialized audits, the PEM Auditor shall prepare terms of reference for the audit work, describing the scope of work, timeframe and deliverables. The terms of reference shall also describe the mechanism to evaluate proposals and determine the winner that will be contracted as independent external auditor.	4.3 4.5.2 <u>The engagement of an Independent Auditor by the PEM Audit Committee shall be approved according to the established guidelines of PEMC.</u> In each instance where the PEM <u>Audit Committee</u> Auditor requires external and independent experts for its specialized audits, the PEM <u>Audit Committee</u> Auditor shall prepare <u>the</u> terms of reference for the audit work, describing the scope of work, timeframe and deliverables. The terms of reference shall also describe the mechanism to evaluate proposals and determine the winner that will be contracted as independent external auditor.	Revised to consider the internal processes of PEMC as contracting party for the Audits to be conducted by PAC		
		4.5.3 The PEM Board shall review the proposed terms of references and may request clarifications or	4.5.3 The PEM Board shall review the proposed terms of references and may request clarifications or	Deleted – This is an administrative task within PEMC and does not need to be approved by the	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		additional information from the PEM Auditor. The PEM Board may propose changes to the proposed terms of reference before approving the same.	additional information from the PEM Auditor. The PEM Board may propose changes to the proposed terms of reference before approving the same.	PEM Board. This is also considering that the audits are those as required by the Rules		
		4.6 External Expert Short List	4.6 External Expert Short List		-	-
		4.6.1 To contract an external expert or expert team for a specific audit work, the PEM Auditor shall short list a minimum of three (3) experts or expert teams, based on their independence, expertise and experiences in similar audits. In its short-listing, the PEM Auditor shall ensure that the experts are totally independent from the parties to be audited.	4.6.1 To contract an external expert or expert team for a specific audit work, the PEM Auditor shall short list a minimum of three (3) experts or expert teams, based on their independence, expertise and experiences in similar audits. In its short-listing, the PEM Auditor shall ensure that the experts are totally independent from the parties to be audited.	Deleted, since these are administrative process that shall be done by the PEMC with the assistance of the PAC Secretariat in consultation with the PAC	-	-
		4.6.2 If the PEM Auditor has a pool of external auditors approved by the PEM Board, the short list shall be first selected from this pool. If the PEM Auditor	4.6.2 If the PEM Auditor has a pool of external auditors approved by the PEM Board, the short list shall be first selected from this pool. If the PEM Auditor	This is deleted since the function of the pool of external auditors is already being undertaken by the external auditor.	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		does not have an approved pool of experts or if the experts available in the pool are inadequate or insufficient for the required short list, the PEM Auditor may include experts that are not in the pool approved by the PEM Board.	does not have an approved pool of experts or if the experts available in the pool are inadequate or insufficient for the required short list, the PEM Auditor may include experts that are not in the pool approved by the PEM Board.	The creation of the pool is thus no longer needed.		
		4.7 Proposal to Contract External Auditors	4.7 Proposal to Contract External Auditors	This process is deleted as the engagement of external auditors will be subject to the approval of the appropriate approving authorities of PEMC.	-	-
		4.7.1 The PEM Auditor shall request the PEM Board approval of the short list and audit work by external experts, submitting a report with – (a) The description of the scope of the audit work required, in particular the type of audit and type of special expertise;	4.7.1 The PEM Auditor shall request the PEM Board approval of the short list and audit work by external experts, submitting a report with – (a) The description of the scope of the audit work required, in particular the type of audit and type of special expertise;			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(b) The reason(s) why external expertise is needed and the criteria for evaluation;</p> <p>(c) The proposed terms of reference including methodological approach; and</p> <p>(d) The short list of experts or expert team or company proposed, including their qualifications, relevant previous experiences and compliance with independence provisions.</p>	<p>(b) The reason(s) why external expertise is needed and the criteria for evaluation;</p> <p>(c) The proposed terms of reference including methodological approach; and</p> <p>(d) The short list of experts or expert team or company proposed, including their qualifications, relevant previous experiences and compliance with independence provisions.</p>			
		4.7.2 The PEM Board shall review the request to contract external auditors, the terms or references and the proposed short list. It may request clarifications or additional information from the PEM Auditor, or conduct a special meeting to review	4.7.2 The PEM Board shall review the request to contract external auditors, the terms or references and the proposed short list. It may request clarifications or additional information from the PEM Auditor, or conduct a special meeting to review		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>the terms of reference. The PEM Board may reject one or more of the short listed experts if in the PEM Board opinion the proposed expert does not have adequate expertise or does not comply with the required independence. If the PEM Board has any objection to the proposal, not later than fifteen (15) days after the next PEM Board meeting following receipt of the request from the PEM Auditor, the PEM Board shall inform the PEM Auditor –</p> <p>(a) If any of the short listed experts has been rejected and the reason(s) for the rejection; and</p> <p>(b) Revisions proposed to the terms of reference.</p>	<p>the terms of reference. The PEM Board may reject one or more of the short listed experts if in the PEM Board opinion the proposed expert does not have adequate expertise or does not comply with the required independence. If the PEM Board has any objection to the proposal, not later than fifteen (15) days after the next PEM Board meeting following receipt of the request from the PEM Auditor, the PEM Board shall inform the PEM Auditor –</p> <p>(a) If any of the short listed experts has been rejected and the reason(s) for the rejection; and</p> <p>(b) Revisions proposed to the terms of reference.</p>			
		4.7.3 If, within the timeframe specified in	4.7.3 If, within the timeframe specified in	Consistent with proposed changes above	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Section 4.7.2, the PEM Board does not send to the PEM Auditor any objections to the short list or revisions to the terms of reference, the PEM Auditor shall continue with the contracting process.	Section 4.7.2, the PEM Board does not send to the PEM Auditor any objections to the short list or revisions to the terms of reference, the PEM Auditor shall continue with the contracting process.			
		4.7.4 If, within the timeframe specified in Section 4.7.3, the PEM Board informs that one or more experts are rejected and the remaining short list is composed of less than three (3) candidates, the PEM Auditor shall submit to the PEM Board other independent experts to ensure that the short list includes at least three alternatives, unless the PEM Board approves that, due to the nature and special characteristics of the audit, it will be difficult to obtain a short list of three and authorizes a shorter list of experts.	4.7.4 If, within the timeframe specified in Section 4.7.3, the PEM Board informs that one or more experts are rejected and the remaining short list is composed of less than three (3) candidates, the PEM Auditor shall submit to the PEM Board other independent experts to ensure that the short list includes at least three alternatives, unless the PEM Board approves that, due to the nature and special characteristics of the audit, it will be difficult to obtain a short list of three and authorizes a shorter list of experts.	This is proposed to be deleted as the duty to determine the eligibility of bidders should be within the responsibilities of the PEMC unit undertaking this function, in consultation with the requesting party.	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>4.8 Selection of External Expert Auditors</p> <p>4.8.1 Once the short list has been approved and the terms of reference revised, as necessary, the PEM Auditor shall send a request for proposals to each expert, expert team or expert company short listed. Each expert shall submit its technical proposal, which shall contain its methodological approach, and its financial proposal.</p>	<p>4.8 Selection of External Expert Auditors</p> <p>4.8.1 Once the short list has been approved and the terms of reference revised, as necessary, the PEM Auditor shall send a request for proposals to each expert, expert team or expert company short listed. Each expert shall submit its technical proposal, which shall contain its methodological approach, and its financial proposal.</p>	This is proposed to be deleted as the administrative process has been shifted to the Administrative Services of PEMC in charge of the bidding/selection process	-	-
		<p>4.8.2 The PEM Auditor shall review the proposals received and submit a report to the PEM Board recommending the expert to be contracted. The report shall describe:</p> <p>(a) The list of experts that submitted proposals;</p>	<p>4.8.2 The PEM Auditor shall review the proposals received and submit a report to the PEM Board recommending the expert to be contracted. The report shall describe:</p> <p>(a) The list of experts that submitted proposals;</p> <p>(b) For each expert, its qualifications and</p>	The approval by the PEM Board of the short listing is proposed to be deleted. This is an administrative task of PEMC and the Board is supposed to be high-level policy making body.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(b) For each expert, its qualifications and experiences presented, summary and review of the methodological approach, and requested costs and remuneration in their financial proposal; and</p> <p>(c) The outcome of the reviews, indicating the external auditor recommended to be contracted in view of the evaluation mechanism included in the terms of reference.</p>	<p>experiences presented, summary and review of the methodological approach, and requested costs and remuneration in their financial proposal; and</p> <p>(c) The outcome of the reviews, indicating the external auditor recommended to be contracted in view of the evaluation mechanism included in the terms of reference.</p>			
		4.8.3 The PEM Board shall review the proposed selection and may request clarifications or further information from the PEM Auditor in relation to the proposals or conduct a meeting with the PEM	4.8.3 The PEM Board shall review the proposed selection and may request clarifications or further information from the PEM Auditor in relation to the proposals or conduct a meeting with the PEM	This is deleted as this function is administrative in nature and it is recognized that the PEM Board is a high-level policy making body.	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Auditor to review the evaluation. Not later than fifteen (15) days after the next PEM Board following receipt of the review of proposals prepared by the PEM Auditor, the PEM Board shall approve the independent expert to be contracted for the special audit.	Auditor to review the evaluation. Not later than fifteen (15) days after the next PEM Board following receipt of the review of proposals prepared by the PEM Auditor, the PEM Board shall approve the independent expert to be contracted for the special audit.			
Market Audit General Characteristics	7	7.1. General Characteristics	5.1 7.4 General Characteristics <u>Guidelines for the Conduct of Audits</u>		-	-
Market Audit General Characteristics	7.1.1	1.1.19 <i>Audits of the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor.</i> 1.1.20	5.1.1 7.1.1 <u>All audits as enumerated under Section 5 of this Manual</u> the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor. <u>Audit Committee.</u>	Transferred from Section 7.1.1 with revisions	5.1.1 7.1.1 <u>All audits as enumerated under Section 5 of this Manual</u> the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor. <u>Audit Committee.</u>	Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
						difficulty of the audit.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Market Audit General Characteristics	7.1.2	<p><i>Each spot market and Market Operator audit should include the following:</i></p> <p>.21</p> <p>(a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited;</p> <p>(a)</p> <p>(b) An audit process within a specified timeframe;</p> <p>(b)</p> <p>(c) An audit report, describing</p> <p>(i) The audit process;</p> <p>(ii) Main findings, highlighting areas where there are non-compliance with the WESM Rules; and</p> <p>(iii) Conclusions and recommendations.</p>	<p>5.1.2 7.1.2—Each spot market and Market Operator audit supervised and coordinated by the PEM Audit Committee should shall include the following:</p> <p>a) (a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited;</p> <p>b) (b) An audit process within a specified timeframe;</p> <p>c) (c) An audit report, describing</p> <p>i) (i) The audit process;</p> <p>ii) (ii) Main findings, highlighting areas where there are non-compliances with the WESM Rules, Retail Rules or Market Manuals; and</p>	Transferred from Section 7.1.2 with revisions	<p>5.1.2 7.1.2—Each spot market and Market Operator audit should shall include the following:</p>	Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC depending on the scope and difficulty of the audit.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			iii (iii) Conclusions and recommendations.			
Market Audit General Characteristics	(new)	N/A	<u>5.1.3 The PEM Audit Committee, in consultation with the Auditee shall prepare the terms of reference for the audit to be conducted.</u>		-	-



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<p>7- Market Audit</p> <p>Annual Audit of the Spot Market Operator</p>	7.2.4	<p>1.1.22 <i>The PEM Auditor shall submit to the PEM Board for review the proposed standard terms of reference of the annual audit. Within fifteen (15) days after the next PEM Board meeting, the PEM Board shall send its comments and observations. The PEM Auditor shall take into consideration the comments and observations received and revise the terms of reference accordingly. The standard terms of reference for the annual audit shall be published in the</i></p>	<p>7.2.4 The PEM Auditor shall submit to the PEM Board for review the proposed standard terms of reference of the annual audit. Within fifteen (15) days after the next PEM Board meeting, the PEM Board shall send its comments and observations. The PEM Auditor shall take into consideration the comments and observations received and revise the terms of reference accordingly.</p> <p><u>5.1.4 The terms of reference for all audits shall be published in the Market Information PEMC Website for comments of WESM Participants and interested parties. The PEM Audit Committee shall take into consideration the comments and observations received and revise the terms of reference accordingly as applicable.</u></p>	Lifted from Section 7.2.4 with revisions	-	-
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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<i>Market Information Website.</i>				
7- Market Audit Annual Audit of the Spot Market Operator	(NEW)	N/A	<u>5.1.5 In order to streamline the audit process and avoid unnecessary duplications, where possible, the PEM Audit Committee shall coordinate with the Auditee on the scope of the audit to be conducted.</u>	To effectively manage audit activities and avoid duplications	-	-
Types of Audits	5.1	5.1.1 The PEM Auditor shall conduct annual audits of the spot market and of the Market Operator in accordance with the process discussed in this Manual.	5.2 5.4 Types of Audits 5.1.1 The PEM Auditor shall conduct annual audits of the spot market and of the Market Operator in accordance with the process discussed in this Manual.	.	-	-
Annual Audit of the Spot Market and the Market Operator	7.2		<u>5.2 7.2 Audit of the Spot Market and the Market Operator</u>	Lifted from Section 7.2 of Issue 2.0	-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Annual Audit of the Spot Market and the Market Operator	7.2.1	Each year and not later than the end of October, the PEM Auditor shall conduct an audit of the spot market, including settlement of the markets administered by the Market Operator, generation scheduling, dispatch, price calculation, and any procedures and working processes used by the Market Operator in performing those functions in the WESM.	5.2.1 7.2.1 Each year and not later than the end of October, the PEM Auditor shall conduct an audit of the spot market, including settlement of the markets administered by the Market Operator, generation scheduling, dispatch, price calculation, and any <u>other</u> procedures and working processes used by the Market Operator in performing those functions in the WESM.	Lifted from Section 7.2.1 with some revisions. Considering that the length of audit sometimes extends, the end of October timeline is no longer feasible.	5.2.1 7.2.1 Each year and not later than the end of October, <u>the</u> PEM Auditor <u>Audit Committee</u> shall conduct an audit of the spot market, including settlement of the markets administered by the Market Operator, generation scheduling, dispatch, price calculation, and any <u>other</u> procedures and working processes used by the Market Operator in performing those functions in the WESM. <u>The PEM Audit Committee shall conduct periodic audits at least once at interval not exceeding three years from the last audit considering the results of past audits that indicate that the Market Operator has demonstrated an acceptable level of maturity in its compliance</u>	Consistent with the DOE position, the proposed revisions aimed to define in the PEM Audit Manual the frequency of audit.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
					<p><u>with the WESM rules and related standards.</u></p> <p><u>After the first three (3) audits of a particular system or process, the PAC may consider adjusting the frequency of the periodic audits based on the Market Operator's compliance maturity level. The PAC deems a system or process to be mature when it has consistently exhibit no or minimal audit findings for the past three (3) audits and whose impact do not pose significant operational, legal or market risks.</u></p>	



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Annual Audit of the Spot Market and the Market Operator	7.2.2	<p><i>The general objectives of the annual audit of the spot market and the Market Operator are to:</i></p> <p>1.1.23</p> <p>(a) Assess procedures and working processes in the Market Operator;</p> <p>(b) Assess the usefulness and appropriateness of systems settlement system, data management and other procedures and working processes used by the Market Operator to administer the WESM, in order to:</p> <p>(i) Identify appropriate steps and measures to help the Market Operator effectively and efficiently perform its responsibilities in time and form in accordance with the WESM Rules;</p>	<p>5.2.2 7.2.2 The general objectives of the annual periodic audit of the spot market and the Market Operator are to:</p> <p>a) (a) Assess the procedures and working processes of in the Market Operator;</p> <p>b) (b) Assess the usefulness and appropriateness of systems the settlement system, data management and other procedures and working processes used by of the Market Operator to administer the WESM, in order to:</p> <p>i. (i) Identify appropriate steps and measures to help the Market Operator effectively and</p>	Lifted from Section 7.2.2 with some revisions.	<p>5.2.2 7.2.2 The general objectives of the annual audit of the spot market and the Market Operator are to:</p>	The frequency of audit is already provided in the proposed revisions in Section 5.2.1 above.
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		<p>(ii) Review that the Market Operator practices and work processes ensure the necessary transparency, independence, predictability and non-discrimination, and are in compliance with the WESM Rules and best international practices; and</p> <p>(iii) Assess if the systems, calculations, information flows and data management protect accuracy and quality of the data and results in generation scheduling, dispatch, prices and settlement, as well as if internal controls exist and are sufficient to guarantee security and confidentiality where appropriate, proposing recommendations to improve the procedures</p>	<p>efficiently perform its responsibilities in time and form in accordance with the WESM Rules <u>and its Market Manuals;</u></p> <p><u>ii.</u> (ii) Review the Market Operator's practices and work processes to ensure the necessary transparency, independence, predictability and non-discrimination, and are in compliance with the WESM Rules and best international practices; and</p> <p><u>iii.</u> (iii) Assess if the systems,</p>			
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		<p>to collect and process the information and the controls of quality and security of data in the WESM.</p> <p>1.1.1.1(a)(i)</p> <p>(c) Assess the usefulness and appropriateness of the interfaces and exchange of information between the System Operator and the Market Operator in relation to generation scheduling, constraints and dispatch; and</p> <p>(d) Review compliance by the Market Operator with the WESM Rules.</p>	<p>calculations, information flows and data management to protect accuracy and quality of the data and results in <u>non-discriminatory</u> generation scheduling, dispatch, prices and settlement, as well as <u>evaluate</u> if internal controls exist and are sufficient to guarantee security and confidentiality where appropriate.; proposing</p>			
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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p>recommendations to improve the procedures to collect and process the information and the controls of quality and security of data in the WESM.</p> <p>c) (e) Assess the usefulness and appropriateness of the interfaces and exchange of information between the System Operator and the Market Operator in relation to generation scheduling, constraints and dispatch; and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p>d) (d) Review compliance by the Market Operator with the WESM Rules, <u>its Market Manuals, and among other things, the Market Operator's compliance with the scheduling and central dispatch procedures under the WESM Rules and applicable Market Manuals and the feasibility and adequacy of the scheduling and central dispatch procedures; and</u></p> <p>e) <u>Recommend improvements in the spot market and the operation</u></p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>of the Market Operator where necessary.</u>			
Annual Audit of the Spot Market and the Market Operator	7.1.3	<p>The following criteria shall be used to assess the spot market and the Market Operator:</p> <p>(a) Clear accountability for performance of Market Operator functions and responsibilities;</p> <p>(b) Adequacy - in terms of number and training of staff - to perform assigned tasks and systems used;</p>	<p>5.2.3 7.1.3 The following criteria shall be used to assess the spot market and the Market Operator:</p> <p>a) (a) Clear accountability <u>in</u> for the performance of Market Operator functions and responsibilities;</p> <p>b) (b) Adequacy in terms of number and training of staff <u>of trained staff</u> to perform the assigned tasks and use the systems;</p> <p>c) (c) Efficiency of processes (e.g. time response);</p>	Lifted from Section 7.1.3 of Issue 2.0, as revised	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(c) Efficiency of processes (e.g. time response);</p> <p>(d) Accuracy of tasks (e.g. numbers of errors in settlement statements);</p> <p>(e) Compliance with the WESM Rules;</p> <p>(f) Degree to which processes are in alignment with the WESM Rules and its Market Manuals; and</p>	<p>d) (c) Accuracy of tasks (e.g. numbers of errors in settlement statements);</p> <p>e) (e) Compliance with the WESM Rules <u>and its Market Manuals</u>;</p> <p>f) (f) Degree to which processes are in alignment of processes with the WESM Rules and its Market Manuals; and</p> <p>g) (g) Quality of the service measured in terms of frequency and level of complaints and disputes.</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(g) Quality of the service measured in frequency and level of complaints and disputes.				
Annual Audit of the Spot Market and the Market Operator	7.1.4	<p>In order to streamline the audit process and avoid unnecessary duplications, where possible –</p> <p>(a) The PEM Auditor and the Market Operator shall agree an annual audit of the spot market; and</p> <p>(b) The spot market audit and the annual Market Operator audit shall</p>	<p>5.2.4 –7.1.4 In order to streamline the audit process and avoid unnecessary duplications, where possible, - (a) the PEM Audit Committee Auditor and the Market Operator shall agree <u>– coordinate with the Market Operator on the scope</u> an annual <u>of the</u> audit of the spot market.; and (b) The spot market audit and the annual Market Operator audit shall be conducted together under the supervision and responsibility of the PEM Auditor.</p>	Lifted from Section 7.1.4 of Issue 2.0 with revisions.	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		be conducted together under the supervision and responsibility of the PEM Auditor.				
Annual Audit of the Spot Market and the Market Operator	7.2.3	The PEM Auditor, with the assistance of the Market Operator, shall prepare standard terms of reference for the annual audit of the spot market and the Market Operator covering the general scope described in the previous paragraph. The standard terms of reference shall include the following tasks: (a) Verify that each and all software of the Market Operator has valid audit certificates;	5.2.5-7.2.3 The PEM Auditor with the assistance of the Market Operator, shall prepare <u>the</u> standard terms of reference for the <u>periodic</u> audit of the spot market and the Market Operator covering the general scope described <u>in Section 5.2.2</u> the previous paragraph. The standard terms of reference shall include the following tasks: <u>a) (a) Verification</u> Verify that each and all software of the Market Operator, <u>has</u> valid audit	Lifted from Section 7.2.3 , with revisions	5.2.5 7.2.3 The PEM Auditor with the assistance of the Market Operator, shall prepare <u>the</u> standard terms of reference for the <u>annual</u> audit of the spot market and the Market Operator covering the general scope described <u>in Section 5.2.2</u> the previous paragraph. The standard terms of reference shall include the following tasks:	The frequency of audit is already provided in the proposed revisions in Section 5.2.1 above.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(b) Review the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant, and the adequacy of the metering systems;</p> <p>(c) Review the calculations and allocations performed in the settlement process, and the adequacy and usefulness of the settlement systems;</p> <p>(d) Review and assess the billing and settlement system;</p>	<p><u>certificates and all market-related software that have been modified or newly-deployed by the Market Operator for the WESM comply with the WESM Rules and Market Manuals;</u></p> <p>b) (b) Review <u>of</u> the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant, and the adequacy of the metering systems;</p> <p>c) (c) Review <u>of</u> the calculations and</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(e) Review and assess the procedures, processes and systems for generation scheduling and dispatch, including management of submission and validation of bids and offers as well as the adequacy and usefulness of the coordination arrangements and systems with the System Operator;</p> <p>(f) Review and assess the processes for software management and data protection;</p> <p>(g) Review that, in all the above matters, the Market Operator is in compliance with the</p>	<p>allocations performed in the settlement process, and the adequacy and usefulness of the settlement systems;</p> <p>d) (e) Review and <u>assessment of</u> the billing and settlement system;</p> <p>e) (e) Review and <u>assessment of</u> the procedures, processes and systems for generation scheduling and dispatch, including management of submission and validation of bids and offers as well as the adequacy and usefulness of the coordination arrangements and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>WESM Rules and propose enhancements in processes to achieve best international practices; and</p> <p>(h) Except for the first audit, review the measures and actions taken by the Market Operator in view of the findings and recommendations of the previous audit, and assess the adequacy and effective results of such measures and actions.</p>	<p>systems <u>of</u> with the System Operator;</p> <p><u>f)</u> (f)—Review and assessment<u>ment</u> of the processes for software management and data protection;</p> <p><u>g)</u> (g)—Review <u>of the</u> that, in all the above matters, Market Operator's <u>s</u> is in compliance with the WESM Rules and <u>Market Manuals and</u> propose <u>as necessary, recommendation</u> <u>s</u> for enhancements in processes to achieve best international practices; and</p> <p><u>h) Review of the market</u></p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p><u>assessment system administered by the Market Assessment Group, and any procedures used by the Market Assessment Group in the collection, validation and processing of market monitoring data, and calculation of monitoring indices. and</u></p> <p>i) (h) Except for the first audit, review <u>of</u> the measures and actions taken by the Market Operator in view of the findings and recommendations of the previous</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			audit, and assessment of the adequacy and effective results of such measures and actions.			
Software of the Market Operator	10	Software of the Market Operator	5.3 40.— Audit of the Software of the Market Operator	Lifted from Section 10 of Issue 2.0	-	-
10.1 Objective	10.1.1	<p>The Market Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without –</p> <p>(a) Prior notice to all WESM Members and the PEM Board; and</p> <p>(b) Undergoing the ICT Change</p>	<p>5.3.1 40.1.1 The Market Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without –</p> <p>a) (a) Prior notice to all WESM Members, PEM Audit Committee, and the PEM Board, the DOE and the ERC; and</p> <p>b) (b) Undergoing the ICT Change Management Process instituted by</p>	<p>Lifted from Section 10.1.1 of Issue 2.0</p> <p>PAC was added as recipient of prior notice to ensure that all new or modifications to software used for market operations are monitored and tracked for future audit.</p>	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>Management Process.</p> <p>All new software or modifications to existing software implemented through the ICT Change Management Process shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the change management process.</p>	<p><u>the Market Operator in accordance to WESM Rules Clause 5.2.6.2.</u></p> <p>All new software or modifications to existing software implemented through the ICT Change Management Process shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the change management process.</p>			
10.1 Objective	10.1.1	The Market Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling,	<u>5.3.2</u> 10.1.1 The Market Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling,	<p>Lifted from last paragraph of Section 10.1.1 of Issue 2.0</p> <p>The timing of the post audits on new or modified software shall be subject</p>	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>dispatch or settlement or price calculation relevant to the WESM without –</p> <p>(a) Prior notice to all WESM Members and the PEM Board; and</p> <p>(b) Undergoing the ICT Change Management Process.</p> <p>All new software or modifications to existing software implemented through the ICT Change Management Process shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the</p>	<p>dispatch or settlement or price calculation relevant to the WESM without –</p> <p>(a) Prior notice to all WESM Members and the PEM Board; and</p> <p>Undergoing the ICT Change Management Process.</p> <p>All new software or modifications to existing software <u>shall be</u> implemented through the ICT Change Management Process and shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management Process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the change management process.</p>	to the determination of the PAC in consideration of funds availability, market developments, and audit activities.		

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		change management process.				
10.2 Software for the WESM	10.2.1	<p>If the Market Operator wants to implement a new software for generation scheduling, dispatch, price calculation or settlement, or modify or replace an existing one, the Market Operator shall send a report to the PEM Auditor describing –</p> <p>(a) The software to be implemented (a new software) or the software to be modified;</p> <p>(b) If an existing software is going to be modified or replaced, a description of –</p> <p>(i) The reasons that justify the change, including any problem or shortfall identified in the</p>	<p>5.3.3 10.2.4 If the Market Operator wants to implement a new software for generation scheduling, dispatch, price calculation or settlement, or modify or replace an existing one, the Market Operator shall send a report to the PEM Audit Committee Auditor describing –</p> <p>a) (a) The software to be implemented (a new software) or the software to be modified;</p> <p>b) (b) If an existing software is going to be modified or replaced, a description of –</p> <p>i. (i) The reasons that justify the change, including any problem or shortfall identified in the existing software, if any;</p> <p>ii. (ii) Expected improvements,</p>	Lifted from Section 10.2.1 of Issue 2.0	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>existing software, if any;</p> <p>(ii) Expected improvements, particularly in relation to transparency, efficiency, data processing and response time;</p> <p>(iii) The scope of the proposed modification or, if the existing software is going to be replaced, the description of the new software and main differences with the existing one;</p> <p>(c) If a new software is going to be implemented, a description of -</p> <p>(i) The reasons that justify the new software, particularly the expected</p>	<p>particularly in relation to transparency, efficiency, data processing and response time; and</p> <p>iii. (iii) The scope of the proposed modification or, if the existing software is going to be replaced, the description of the new software and main differences with the existing one.</p> <p>c) (e) If a new software is going to be implemented, a description of -</p> <p>i. (i) The reasons that justify the new software, particularly the expected improvements in efficiency, data processing and response time;</p> <p>ii. (ii) The description of the new software;</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>improvements in efficiency, data processing and response time;</p> <p>(ii) The description of the new software;</p> <p>(iii) The description of the tests performed and results that prove that the software has been sufficiently and adequately tested in trial mode, produces accurate results and is ready for implementation;</p> <p>(d) Findings and details thereof, proving that the modified or new software will be in full compliance with the WESM Rules.</p>	<p>iii. (iii) The description of the tests performed and results that prove that the software has been sufficiently and adequately tested in trial mode, produces accurate results and is ready for implementation; and</p> <p>iv. (d) Findings and details thereof, proving that the modified or new software will be in full compliance with the WESM Rules.</p>			
NEW	NEW	N/A	<u>5.3.4 As part of the software review, the following information shall be submitted to the PEM Audit Committee:</u>	This is to ensure that all software changes are reviewed	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			a) <u>list of all software that have been implemented and modified within the covered audit period; and</u> b) <u>documentation of all the tests performed and results that prove that the software has been sufficiently and adequately tested in trial mode, produces accurate results and is ready for implementation.</u>			
10.2 Software for the WESM	10.2.2	The PEM Auditor shall review the report of the Market Operator and may request clarifications and further information. In particular, the PEM Auditor may organize a meeting with the relevant staff of the Market Operator to discuss the characteristics, any limitation or potential	5.3.5 10.2.2 The PEM Audit Committee Auditor shall review the report of the Market Operator and may request clarifications and further information. In particular, the PEM Audit Committee Auditor may organize a meeting with the relevant staff of the Market Operator to discuss the	Lifted from Section 10.2.2 of Issue 2.0 with minor edits	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		problem, and other conditions of the software that may impact predictability, transparency or compliance with the WESM Rules.	characteristics, any limitation or potential problem, and other conditions of the software that may impact predictability, transparency or compliance with the WESM Rules.			
10.2 Software for the WESM	10.2.3	The review of the PEM Auditor shall encompass testing of the software to verify accuracy of results and compliance with all requirement and procedures established in the WESM Rules. The PEM Auditor shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Auditor may request the contracting of an external expert to test and certify the software.	5.3.6 40.2.3 The review of the software of the Marker Operator the PEM Auditor shall encompass the testing of the software to verify accuracy of results and compliance with all the requirements and procedures established in the WESM Rules. The PEM Audit Committee Auditor shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Audit Committee may request the contracting of an external expert to test and certify the software.	Lifted from Section 10.2.3 of Issue 2.0 with minor edits. The engagement of external experts through engagement of external auditors has already been mentioned in earlier parts of this manual and thus deleted in this section.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
10.2 Software for the WESM	10.2.4	After finalizing the review and tests, as applicable, and based on the information gathered and, if an external expert was used, the report with the review and recommendations of the expert, the PEM Auditor shall prepare and submit to the Market Operator and the PEM Board a Software Review Report. The outcome of the review and recommendation shall indicate – (a) If the software is ready for implementation and in compliance with the WESM Rules and the objectives; or (b) Recommendations on measures or changes prior to implementing the software, to ensure full compliance with	5.3.7 10.2.4 After finalizing the review and tests, as applicable and based on the information gathered and, if an external expert was used, the report with the review and recommendations of the expert, the PEM Audit Committee Auditor shall prepare and submit to the Market Operator and the PEM Board a Software Review Report. The outcome of the review and recommendation shall indicate – a) (a) If the software is ready for implementation and in compliance with the WESM Rules and the WESM objectives; or b) (b) Recommendations on measures or changes prior to implementing the software, to ensure full compliance with the WESM Rules and	Lifted from Section 10.2.4 of Issue 2.0 with revisions consistent with the above deleting the mention of external auditors.	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the WESM Rules and its objectives.	the <u>WESM</u> objectives.			
10.4 Software for the WESM Members	10.4.3	Once the PEM Auditor considers that the software is accurate and ready for use, the PEM Auditor will prepare and submit to the Market Operator a Software Review Report approving the software, with copy thereof furnished to the PEM Board. The Market Operator shall publish the approval in the Market Information Website and advertise the new software or the change to the existing software when ready for use by WESM Members.	5.3.8 10.4.3 Once the PEM <u>Audit Committee</u> Auditor <u>determines</u> considers that the software is accurate and ready for use, the PEM <u>Audit Committee</u> Auditor will prepare and submit to the Market Operator a Software Review Report approving the software, with copy thereof furnished to the PEM Board. <u>For software ready for use by WESM Members,</u> the Market Operator shall publish the approval <u>of the new software or the change to the existing software</u> in the Market Information Website and advertise the new software or the change to the existing software when ready for <u>the information of use by the</u> WESM Members.	Lifted from Section 10.4.3 with revisions	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
10.3 Settlement Software	10.3.2	In any dispute in relation to settlement calculations, a certificate of such auditor that the settlement software is consistent with the WESM Rules shall be evidence that the charges or payments shown in a settlement statement have been calculated by a method consistent with the WESM Rules.	5.3.9 10.3.2 In any dispute in relation to settlement calculations, a certificate <u>The certification issued by the</u> of such <u>Independent Auditor</u> that the settlement software is consistent with the WESM Rules shall <u>serve</u> as evidence that the charges or payments shown in a settlement statement have been calculated by a method consistent with the WESM Rules.	Lifted from Section 10.3.2 of Issue 2.0	5.3.9 10.3.2 In any dispute in relation to settlement calculations, a certificate <u>The certification issued by the</u> of such auditor that the settlement software is consistent with the WESM Rules shall <u>serve</u> as evidence that the charges or payments shown in a settlement statement have been calculated by a method consistent with the WESM Rules.	The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.
11 Metering Review	11	Metering Review	<u>5.4 11. Review of Metering Installations and Arrangements</u> METERING REVIEW		-	-
11.1 Metering Review	11.1.1	In accordance with the Grid Code, the Metering Services Providers have the responsibility to supply, install, connect, own, test, calibrate, place in service, operate, check, and maintain the metering system for settlement, ensuring the accuracy and	<u>5.4.1 11.1.1</u> In accordance with the Philippine Grid Code <u>and the Philippine Distribution Code</u> , the Metering Services Providers, <u>both in the WESM and the Retail Market</u> , have the responsibility to supply, install, connect, own, test,	Lifted from Section 11.1.1 of Issue 2.0 with revisions to include the Philippine Distribution Code as basis	-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		traceability of calibration and test results. Additionally, each Metering Services Provider shall take all reasonable steps to prevent unauthorized interference with the metering equipment.	calibrate, place in service, operate, check, and maintain the metering system for settlement, ensuring the accuracy and traceability of calibration and test results. Additionally, each Metering Services Provider shall take all reasonable steps to prevent unauthorized interference with the metering equipment.			
11.1 Metering Review	11.1.2	As established in the Grid Code, a User shall have the right to request an audit of the settlement data related to its account and the right to choose an independent third party qualified to perform the audit. In such cases, the System Operator, Metering Services Providers and Market Operator shall cooperate in the auditing process.	5.4.2 11.1.2 As established in both the Philippine Grid Code and the Philippine Distribution Code , a User shall have the right to request an audit of the settlement data related to its account and the right to choose an independent third party qualified to perform the audit. In such cases, the System Operator, Metering Services Providers and Market Operator shall cooperate in the auditing process.	Lifted from Section 11 of Issue 2.0 with revisions to include the Philippine Distribution Code as basis	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
11.2 Scope and Objectives	11.2.1	The general objective of the PEM Auditor metering review is to assess the adequacy of the metering standards and security systems and processes in the WESM.	5.4.3 11.2.1 The general objective of the PEM Auditor metering review Review of Metering Installations and Arrangements is to assess the adequacy of the metering standards and security systems and processes in the WESM and in the Retail Market.	The metering review is renamed Metering Arrangements Review (MAR) is renamed Review of Metering Installations and Arrangements to distinguish it from the MAR – the Market Assessment Report prepared by the MAG. The audit of metering arrangements in the Retail Market was also included in this PEM Audit Manual.	-	-
NEW	NEW	N/A	5.4.4 <u>The PEM Audit Committee in consultation with the Market Operator and Metering Service Providers (MSP) shall review the security arrangements and requirements of metering installations periodically or as often as necessary.</u>	The frequency of audit is in accordance with WESM Rules Clause 4.5.5.4.	5.4.4 <u>The PEM Audit Committee in consultation with the Market Operator and Metering Service Providers (MSP) shall review the security arrangements and requirements of metering installations.</u> <u>The PEM Audit Committee shall conduct periodic</u>	Consistent with the DOE position, the proposed revisions aimed to define in the PEM Audit Manual the frequency of audit.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
					<p><u>audits at least once at interval not exceeding three years from the last audit considering the results of past audits that indicate that the Metering Service Providers have demonstrated an acceptable level of maturity in its compliance with the WESM rules and related standards.</u></p> <p><u>After the first three (3) audits of a particular system or process, the PAC may consider adjusting the frequency of the periodic audits based on the Metering Service Providers' compliance maturity level. The PAC deems a system or process to be mature when it has consistently exhibit no or minimal audit findings for the past three (3) audits and whose</u></p>	



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
					<u>impact do not pose significant operational, legal or market risks.</u>	
11.4 Audit of Metering Arrangements and Compliance	11.4.1	When the annual metering arrangements review includes audits, as approved by the PEM Board, the PEM Auditor, supported by the Technical Committee, shall conduct an audit regarding, <ul style="list-style-type: none"> (a) Compliance with requirements of metering installations; (b) Compliance with security arrangements associated to metering systems and processes; and 	5.4.5 11.4.1 When the annual metering arrangements review includes audits, as approved by the PEM Board, the PEM Audit Committee, Auditor supported by the Technical Committee, shall conduct an audit regarding the following: <ul style="list-style-type: none"> a) (a) Compliance with the requirements of metering installations; b) (b) Compliance with the security arrangements associated to metering systems and processes; and c) (c) Adequacy of security arrangements by the Market Operator and work procedures by 	Lifted from Section 11.4.1 of Issue 2.0, with revisions	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(c) Adequacy of security arrangements by the Market Operator and work procedures by Metering Services Providers.	Metering Services Providers.			
11.4 Audit of Metering Arrangements and Compliance	11.4.2	To audit compliance, the PEM Auditor shall select a sample of metering sites, where at least thirty percent (30%) of which shall correspond to the metering points with largest volume within the WESM, where metering errors or inadequacy can create the biggest impact and volume error in the WESM.	5.4.6 11.4.2 To audit compliance, the PEM Auditor shall select a sample of metering sites where at least thirty percent (30%) of which shall correspond to the metering points with largest volume within the WESM, where metering errors or inadequacy can create the biggest impact and volume error in the WESM. <u>5.4.6 11.4.2 To audit compliance, the PEM Auditor shall select a sample of metering sites where at least thirty percent (30%) of which shall correspond to the metering points with largest volume within the WESM, where metering errors or inadequacy can create the biggest impact and volume error in the WESM.</u>	Lifted from Section 11.4.2 with revisions to include the consultation of the PAC with the TC	-	-
(NEW)	(NEW)	N/A	<u>5.5 Audit of the Central Registration Body</u>		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
(NEW)	(NEW)	N/A	<u>5.5.1 Each year, the PEM Audit Committee shall conduct an audit of the Central Registration Body (CRB) and its systems, processes and procedures and other matters relevant to the operation of the Central Registration Body.</u>	Pursuant to WESM Rules Clause 1.4.3.1	<p><u>5.5.1 The PEM Audit Committee shall conduct an audit of the Central Registration Body (CRB) and its systems, processes and procedures and other matters relevant to the operation of the Central Registration Body.</u></p> <p><u>The PEM Audit Committee shall conduct periodic audits at least once at interval not exceeding three years from the last audit considering the results of past audits that indicate that the Central Registration Body has demonstrated an acceptable level of maturity in its compliance with the WESM rules and related standards.</u></p> <p><u>After the first three (3) audits of a particular</u></p>	Consistent with the DOE position, the proposed revisions aimed to define in the PEM Audit Manual the frequency of audit.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
					system or process, the PAC may consider adjusting the frequency of the periodic audits based on the Central Registration Body's compliance maturity level. The PAC deems a system or process to be mature when it has consistently exhibit no or minimal audit findings for the past three (3) audits and whose impact do not pose significant operational, legal or market risks.	
			<p><u>5.5.2 The general objectives of the periodic audit of the Central Registration Body are to:</u></p> <p><u>a) Assess the procedures and working processes of the Central Registration Body;</u></p> <p><u>b) Assess the usefulness and</u></p>	Patterned after Section 5.2.2 above applied to the audit of the Market Operator	<u>5.5.2 The general objectives of the audit of the Central Registration Body are to:</u>	The frequency of audit is already provided in the proposed revisions in Section 5.5.1 above.



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>appropriateness of the systems, data management and other procedures and working processes of the Central Registration Body to administer the Retail Market in order to:</u> <u>i Identify appropriate steps and measures to help the Central Registration Body effectively and efficiently perform its responsibilities in time and form in accordance with the Retail Rules and its Market Manuals;</u>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p><u>ii. Review that the Central Registration Body's practices and work processes to ensure the necessary transparency, independence, predictability and non-discrimination, and compliance with the Retail Rules and best international practices; and</u></p> <p><u>iii. Assess if the systems, calculations, information flows and data management protect accuracy and quality of the</u></p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>data and results are non-discriminatory as well as evaluate if internal controls exist and are sufficient to guarantee security and confidentiality where appropriate.</u> <u>c) Review compliance by the Central Registration Body with the Retail Rules and its Market Manuals; and</u> <u>d) Recommend improvements in the retail market and the operation of the Central</u>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Registration Body, where necessary.</u>			
(NEW)	(NEW)		<p>1.1.24 <u>5.5.3 The following criteria shall be used to assess the Central Registration Body:</u></p> <p>a) <u>Clear accountability in the performance of the Central Registration Body's functions and responsibilities;</u></p> <p>b) <u>Adequacy of trained staff to perform the assigned tasks and use the systems;</u></p> <p>c) <u>Efficiency of processes (e.g. time response);</u></p> <p>d) <u>Accuracy of tasks (e.g.</u></p>	The provision is similar to Section 5.2.3 above	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>numbers of errors in settlement statements);</u> e) <u>Compliance with the Retail Rules and its Market Manuals;</u> f) <u>Alignment of processes with the Retail Rules and its Market Manuals; and</u> g) <u>Quality of the service measured in terms of frequency and level of complaints.</u>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
(NEW)	(NEW)		1.1.25 <u>5.5.4 In order to streamline the audit process and avoid unnecessary duplications, where possible, the PEM Audit Committee shall coordinate with the Central Registration Body on the scope of the audit of the market.</u>	The provision is patterned after Section 5.2.4 above		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
(NEW)	(NEW)		<p><u>5.5.5 The PEM Audit Committee with the assistance of the Central Registration Body, shall prepare the standard terms of reference for the periodic audit of the Central Registration Body covering the general scope described in the previous paragraph. The standard terms of reference shall include the following tasks:</u></p> <p><u>a) Review of the systems, processes and procedures of the Central Registration Body and other matters relevant to the operation of the Central Registration Body and the performance of its functions as set out in the Retail Rules.</u></p> <p><u>b) Test and check any new items or new</u></p>	The provision is patterned after Section 5.2.5 above	<p><u>5.5.5 The PEM Audit Committee with the assistance of the Central Registration Body, shall prepare the standard terms of reference for the audit of the Central Registration Body covering the general scope described in the previous paragraph. The standard terms of reference shall include the following tasks:</u></p>	The frequency of audit is already provided in the proposed revisions in Section 5.5.1 above.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<p><u>versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM Members.</u></p> <p><u>c) Review of the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant;</u></p> <p><u>d) Review and assessment of the processes for software management and data protection; and</u></p> <p><u>e) Review of the Central Registration Body's compliance with the WESM Rules, Retail</u></p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>Rules and relevant Market Manuals and as necessary, recommendations for enhancements in processes to achieve best international practices.</u>			
(NEW)	(NEW)		1.1.26 <u>5.6 Audit as Requested by the Enforcement and Compliance Office</u>			
12 Compliance With WESM Rules	12.1.2	In performing the ECO's functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, the ECO may request the PEM Auditor to assess or audit a WESM Member, the System Operator or the Market Operator in relation to compliance with specific rules or standards or	5.6.1 12.1.2 In performing the ECO's functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, If requested by the ECO or the Market Surveillance Committee may request the PEM Audit Committee Auditor may to assess or audit a WESM Member, a Metering Services Provider, the	Lifted from Sections 5.1.2 and 12.1.2 of Issue 2.0 with revisions	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties in alleged breach the matters that have been derived to the PEM Auditor for assessment or audit.	System Operator or the Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties <u>to be audited</u> in alleged breach <u>on the conduct of an audit and the specific type of audit to be conducted, the facilities, processes, systems or information to be audited.</u> the matters that have been derived to the PEM Auditor for assessment or audit.			
5.1 Types of Audit	5.1.2	If requested by the ECO in the course of an assessment or investigation of an alleged breach, the PEM Auditor may conduct specific audits of:	5.6.2 5.1. 2 If requested by the ECO in the course of an assessment or investigation of an alleged breach, the The PEM Auditor Audit Committee may conduct specific audits of:	Section 5.1.2 of Issue 2.0 with revisions was transferred this section , with revisions.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) WESM Members' facilities, processes and/or information provided to the Market Operator; or</p> <p>(b) Specific systems and processes in the System Operator; or</p> <p>(c) Specific systems and processes in the Market Operator in relation to generation scheduling, constraints, bids and offers, dispatch, price calculation and settlement.</p> <p>The ECO will inform the party to be audited via email that the PEM Auditor will be conducting an audit and the specific type of audit, facilities, processes, systems or information to be audited.</p>	<p>a) (a) WESM Members' facilities, processes and/or information provided to the Market Operator/ <u>Central Registration Body</u>; or</p> <p>b) (b) Specific systems and processes <u>of</u> in the System Operator/<u>Central Registration Body</u> ; or</p> <p>c) (c) Specific systems and processes <u>of</u> in the Market Operator/ <u>Central Registration Body</u> in relation to generation scheduling, constraints, bids and offers, dispatch, price calculation and settlement.</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
12 Compliance With WESM Rules	12.1.3	When the investigation of an alleged breach has been referred to the MSC, the MSC may recommend an audit by the PEM Auditor. In such case, the ECO shall request and coordinate with the PEM Auditor the required audit, as established in the previous paragraph.	5.6.3 12.1.3 When the investigation of an alleged breach has been referred to the MSC, the MSC may recommend an audit by the PEM Auditor. In such case, the ECO shall request and coordinate with the PEM Auditor the required audit, as established in the previous paragraph. Audit Committee Auditor on	Lifted from Section 12.1.3 of Issue 2.0 with revisions		
12 Compliance With WESM Rules	12.1.4	Under confidentiality obligation, the ECO shall provide the PEM Auditor all the required information and data to assess the alleged breach or to identify the details to be audited.	5.6.4 12.1.4 Under confidentiality obligation, the ECO shall provide the PEM Auditor all the required information and data to assess the alleged breach or to identify the details to be audited. Audit Committee Auditor	Lifted from Section 12.1.4 of Issue 2.0 with minor revisions	-	-
12 Compliance With WESM Rules	12.1.5	The party in alleged breach has the obligation to cooperate with the PEM Auditor in the assessment or audit process, providing all the relevant data and other information requested by the PEM Auditor and allowing	5.6.5 12.1.5 The party in alleged breach has the obligation to cooperate with the PEM Auditor in the assessment or audit process, providing all the relevant data and other information requested by the PEM Auditor and allowing Audit Committee	Lifted from Section 12.1.5 of Issue 2.0 with minor revisions	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the necessary tests and audits.	Auditor and allowing the necessary tests and audits.			
12 Compliance With WESM Rules	12.1.3	In case the party objects to submitting the data or information requested by the PEM Auditor, the PEM Auditor shall request the MSC to request such data and information, and the MSC then shall provide it to the PEM Auditor within the established confidentiality provisions. If the party does not provide the data and information requested to the MSC, it shall be considered a breach to the WESM Rules.	5.6.6 12.1.6 —In case the party being audited objects to submitting the data or information requested by the PEM Audit Committee , Auditor the PEM Audit Committee Auditor shall ask request the MSC to request such data and information, and the MSC then shall then provide it to the PEM Audit Committee Auditor within the established confidentiality provisions. If the party does not provide the data and information requested by to the MSC, it shall be considered a breach of to the WESM Rules.	Lifted from Section 12.1.6 of Issue 2.0 with minor revisions	-	-
12 Compliance With WESM Rules	12.1.3	In all cases, the party is obliged to allow and facilitate the tests and audits requested by the PEM Auditor, provided that the PEM Auditor shall give an advance notice of not less	5.6.7 12.1.7 In all cases, the party is obliged to allow and facilitate the tests and audits requested by the PEM Audit Committee Auditor , provided that the PEM Audit Committee Auditor shall	Lifted from Section 12.1.7 of Issue 2.0 with minor revisions	-	-

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		than five (5) business days for any test or audit required, including a description of the scope and details of the test and audit. Not allowing the test or audits requested by the PEM Auditor shall be considered a breach.	give an advance notice of not less than fifteen (15) five (5) business days for any test or audit required, including a description of the scope and details of the test and audit. Not allowing the test or audits requested by the PEM Audit Committee Auditor shall be considered a breach.			
		5.1.2 If requested by the ECO in the course of an assessment or investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator in relation to	5.1.2 If requested by the ECO in the course of an assessment or investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator in relation to	Deleted. This provision was included under Section 5.6.2	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		generation scheduling, constraints, bids and offers, dispatch, price calculation and settlement. The ECO will inform the party to be audited via email that the PEM Auditor will be conducting an audit and the specific type of audit, facilities, processes, systems or information to be audited.	constraints, bids and offers, dispatch, price calculation and settlement. The ECO will inform the party to be audited via email that the PEM Auditor will be conducting an audit and the specific type of audit, facilities, processes, systems or information to be audited.			
		5.1.3 On technical matters related to the WESM Rules, the PEM Auditor shall use, whenever possible and adequate, members of the Technical Committee as auditors.	5.1.3 On technical matters related to the WESM Rules, the PEM Auditor shall use, whenever possible and adequate, members of the Technical Committee as auditors.	Deleted, This provision was already included under Section 4.1.2	-	-
		5.2 Audit Process 5.2.1 The PEM Auditor shall comply with the following steps when commencing and conducting an audit: (a) The PEM Auditor will inform the party to be	5.2.1 The PEM Auditor shall comply with the following steps when commencing and conducting an audit: (a) The PEM 5.8 5.2 Audit Process 5.8.1 <u>5.2.1 The PEM Auditor Audit Committee</u> shall comply with the following steps when commencing and conducting an audit: (a) The PEM	Lifted from Section 5.2.1 with revisions	-	-

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		<p>audited at least five (5) business days ahead of the proposed date to initiate the audit. In this notification, the PEM Auditor will describe;</p> <p>(i) The criteria, standard, rules or requirements the PEM Auditor will assess during the audit;</p> <p>(ii) The length of time that the PEM Auditor reasonably believes will be required for the audit;</p> <p>(iii) The information and data required, together with the format and deadlines for providing it to the PEM Auditor.</p> <p>(b) As necessary, the PEM Auditor may designate a field auditor, from the Technical Committee or an external expert auditor(s) in</p>	<p>Auditor <u>shall</u> will inform the party to be audited at least <u>fifteen (15)</u> five (5) business days ahead of the proposed date <u>of the audit.</u> to initiate the audit. In this notification, the PEM Auditor will describe <u>the following information will also be included:</u></p> <p><u>a).</u> (i) The criteria, standards, rules or requirements <u>that the PEM Auditor will be assessed</u> during the audit;</p> <p><u>b).</u> (ii) The length of time that the PEM <u>Audit Committee</u> Auditor reasonably believes will be required for the audit;</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		accordance with this Manual. In such case, the PEM Auditor will inform the name of the designated auditor(s) to the party to be audited.	<p>c) (iii) The information and data required, together with the format and deadlines for <u>its submission;</u> and providing it to the PEM Auditor</p> <p>(b) iv <u>The names of the auditors who shall be conducting the audit .</u> As necessary, the PEM Auditor may designate a field auditor, from the Technical Committee or an external expert auditor(s) in accordance with this Manual. In such case, the PEM Auditor will inform the name of the designated auditor(s) to the</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			party to be audited.			
		5.3 Audit Results	5.3 Audit Results		-	-
		5.3.1 The PEM Auditor or the designated auditor(s), as applicable, shall carry out the tests, collection of data and other information, review of documents, processes and other adequate arrangements to assess and verify the standards, requirements and compliance with the WESM Rules, as applicable.	5.8.2 5.3.1 The PEM Auditor through or the <u>its</u> designated <u>Independent Auditor(s)</u> shall carry out the tests, collection of data and other information, review of documents, processes and other adequate arrangements to assess and verify the standards, requirements and compliance with the WESM Rules, <u>Retail Rules and its Market Manuals</u> as applicable.	Lifted from Section 5.3.1 Issue 2, with revisions	5.8.2 5.3.1 The PEM Auditor through or the <u>its</u> designated auditor(s), as applicable, shall carry out the tests, collection of data and other information, review of documents, processes and other adequate arrangements to assess and verify the standards, requirements and compliance with the WESM Rules, <u>Retail Rules and its Market Manuals</u> as applicable.	The auditors will not be limited to external experts, consistent with the proposed revisions in PEM Audit Manual.
6.1 Field Auditors	6.1.1	The PEM Auditor may assign staff from the Technical Committee or independent experts, with extensive background on the matters to be audited, for field audits of facilities or systems. In addition to technical tests and	5.8.3 6.1.1 The PEM Auditor may assign staff from the Technical Committee or independent experts, with extensive background on matters to be audited for <u>As necessary,</u> field audits of facilities or systems <u>shall be undertaken, which may</u>	Lifted from Section 6.1.1 of Issue 2 as revised	-	-

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		verifications, the field audit may include review of working processes and compliance of such processes by the relevant staff.	<u>include</u> In addition to <u>technical tests and verifications and review of working processes and compliance of such processes by relevant staff.</u>			
6.2 Field Audit Methodology	6.2.1	<p>The field audit process shall comply with the following steps:</p> <p>(a) The field auditor shall be advised by the PEM Auditor of the sites and facilities to be audited, the scope of the audit, details of the tests and results to be obtained.</p> <p>(b) The party to be audited (the one who is responsible for the facilities to be audited) shall be informed of the audit and the name of the field auditor by the PEM</p>	<p>5.8.4 6.2.1 The field audit shall comply with the following steps:</p> <p>a) (a) The field auditor shall be advised by the PEM Audit Committee <u>shall advise the auditor</u> of the facilities to be audited, the scope of the audit, the details of the tests <u>to be conducted</u> and results to be obtained;</p> <p>b) (b) The PEM Audit Committee shall inform the party to be audited (the one who is responsible for the facilities to be audited) shall be informed of the audit and the name of the field auditor by the</p>	Lifted from Section 6.2.1 of Issue 2 as revised		

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		<p>Auditor at least five (5) business days prior to the initiation of the audit.</p> <p>(c) The field auditor shall contact the party to be audited and inform both the party to be audited and the PEM Auditor of the proposed timetable and work plan. The party to be audited may request changes to the timetable for valid reasons, but in no case cause a delay greater than five (5) business days to the audit.</p> <p>(d) The field auditor and the party to be audited shall meet in an office to review drawings, data sheets and any</p>	<p>PEM Auditor at least fifteen (15) five (5) days prior to the <u>schedule</u> initiation of the audit;</p> <p>c) (c) The field auditor shall contact the party to be audited and inform both the party to be audited and the PEM <u>Audit Committee</u> Auditor of the proposed timetable and work plan. The party to be audited may request changes to the timetable for valid reasons, but in no case cause a delay greater than five (5) business days to the audit.;</p> <p>(d) The field auditor and the party to be audited shall meet in an office to review drawing, data sheets and any security or safety issues.</p> <p>d) (e) The field auditor shall visit the site and perform the planned tests on facilities and or collect the</p>			

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		<p>security or safety issues.</p> <p>(e) The field auditor shall visit the site and perform the planned tests on facilities and/or collect the required data. Staff of the party audited may be present.</p> <p>(f) The field auditor may ask for the PEM Auditor to request data and other information from the System Operator and the Market Operator, as applicable, to compare the data obtained in the tests or audits from the data submitted to the System Operator or the Market Operator by the party audited.</p>	<p>required data. Staff of the party may be audited;</p> <p>e) (f) The field auditor may ask the PEM Audit Committee Auditor to request data and other information from the System Operator and the Market Operator as applicable, to compare the data obtained in the tests or audits from the data submitted to the System Operator or the Market Operator by the party audited;</p> <p>f) (g) The field auditor shall conduct and end of audit meeting with the party audited to explain the first preliminary findings; and</p> <p>g) (h) The field auditor shall submit is report to the PEM Audit Committee Auditor.</p>			

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		<p>(g) The field auditor shall conduct an end of audit meeting with the party audited, to explain the first preliminary audit findings.</p> <p>(h) The field auditor shall submit its report to the PEM Auditor.</p>				
(NEW)	(NEW)		<u>5.8.5 The PEM Audit Committee shall review the report and recommendations submitted by the Independent Auditor, and send the same to the Auditees for comment.</u>		<u>5.8.5 The PEM Audit Committee shall review the report and recommendations submitted by the auditor, and send the same to the Auditees for comment.</u>	The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.
(NEW)	(NEW)		<u>5.8.6 The Auditees shall review the draft final report, and provide comments or request clarifications, as necessary. The PEM Audit Committee shall review the comments and</u>		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>observations received from the Auditees and facilitate revisions on the draft final report, as applicable.</u>			
5.3 Audit Results	5.3	Audit Results	5.9 5.3 Audit Results		-	-
5.3 Audit Results	5.3.2	5.3.2 The PEM Auditor or the designated auditor(s), as applicable, shall prepare an Audit Report with the audit results, identifying and describing the following: (a) Main findings; (b) Conditions that correspond to non compliance: For each condition in non compliance, it shall differentiate the level of non-compliance as follows: (i) Critical non-compliance: A non-compliance which results in failure to provide services or results in time, or to calculate	5.9.1-5.3.2 The PEM Auditor <u>Audit Committee</u> or the <u>its</u> designated <u>Independent</u> Auditor(s), as applicable, shall prepare an Audit Report with the audit results, identifying and describing the following: a) (a) Main findings; b) (b) Conditions that correspond to non-compliance. <u>For each condition in non compliance, it shall differentiate the level of non-compliance as follows:</u> (i) Critical non-compliance: <u>A non-compliance which results in failure to provide</u>		5.9.1-5.3.2 The PEM Auditor <u>Audit Committee</u> or the <u>its</u> designated <u>auditor(s)</u> , as applicable, shall prepare an Audit Report with the audit results, identifying and describing the following: xx	The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.

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		<p>information in accordance to the WESM Rules, or to provide data in the format and/or to the accuracy required, and which results in a breach.</p> <p>(ii) Major non-compliance: An occurrence, practice or deficiency in a system or process, which has the potential to escalate to a level at which it would become a critical non-compliance.</p> <p>(iii) Incidental non-compliance: A condition or situation that does not qualify as critical or major, and which typically is associated with a lack of attention to detail, or lack of</p>	<p>services or results in time, or to calculate information in accordance to the WESM Rules, or to provide data in the format and/or to the accuracy required, and which results in a breach.</p> <p>(ii) Major non-compliance: An occurrence, practice or deficiency in a system or process, which has the potential to escalate to a level at which it would become a critical non-compliance.</p> <p>(iii) Incidental non-compliance: A condition or situation that does not qualify</p>			

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		adequate staff training that leads to unnecessary mistakes.	as critical or major, and which typically is associated with a lack of attention to detail, or lack of adequate staff training that leads to unnecessary mistakes.			
		(c) Practices or processes or systems that should be enhanced, describing the recommended enhancements; and	c) (c) Practices or processes or systems that should be enhanced, describing the recommended enhancements; and			
		(d) Other recommendations to solve or address problems or non-compliance, or other issues such as quality control, best practices and staff adequacy.	d) <u>Recommendations for rules change if necessary; and</u>			
			e) (d) Other recommendations to solve or address problems or non-compliance, or other issues such as			



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			quality control, best practices and staff adequacy.			
5.3 Audit Results	5.3.3	5.3.3 At the end of an audit, any designated auditor shall send its Audit Report to the PEM Auditor. If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable.	<u>5.9.2 5.3.3 The Independent Auditor shall submit all deliverables and</u> At the end of an audit, any designated auditor shall send its Audit Report to the PEM Auditor <u>Audit Committee for review and acceptance.</u> If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable.		<u>5.9.2 5.3.3 The auditor shall submit all deliverables and</u> At the end of an audit, any designated auditor shall send its Audit Report to the PEM Auditor <u>Audit Committee for review and acceptance.</u> If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable.	The auditors will not be limited to Independent Auditor, consistent with the proposed revisions in PEM Audit Manual.
		5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation	<u>5.9.3 5.3.4</u> At the end of the audit, <u>as applicable,</u> the PEM Auditor shall send to the entity that requested the audit the Audit Report, with		-	-

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		and proposed actions including the period within which the entity will comply with the Audit Report. The PEM Auditor shall also send copy of the report to the party audited.	the audit findings, recommendations and proposed actions. including the period within which the entity will comply with the Audit Report. The <u>PEM Audit Committee</u> Auditor shall also send copy of the report to the party audited.			
5.4 Audit Cost	5.4.1	5.4 Audit Cost 5.4.1 The Market Operator shall pay the cost of the periodic market audits and software audits of the Market Operator.	5.10 5.4 Audit Cost <u>5.10.1 5.4.1 PEMC shall shoulder the</u> The Market Operator shall pay the cost of the periodic audits conducted by the PEM Audit Committee. and software audits of the Market Operator.		-	-
5.4 Audit Cost	5.4.2	5.4.2 The cost of a special audit shall be paid by the party that requested the audit, unless the audit was requested to verify compliance and the audit findings show non-compliance, in which case the party or parties in non-compliance shall pay the cost of the audit.	5.10.2 5.4.2 The cost of a special audit shall be paid by the party that requested the audit, unless the audit was requested to verify compliance and the audit findings show non-compliance, in which case the party or parties in non-		-	-



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			compliance shall pay the cost of the audit.			
Field Audits	6	6.1 Field Auditors	6.1 Field Auditors	Proposed to be deleted – field audits have been included in the Section on Audit Process	-	-
Field Audits	6.1.1	6.1.1 The PEM Auditor may assign staff from the Technical Committee or independent experts, with extensive background on the matters to be audited, for field audits of facilities or systems. In addition to technical tests and verifications, the field audit may include review of working processes and compliance of such processes by the relevant staff.	6.1.1 The PEM Auditor may assign staff from the Technical Committee or independent experts, with extensive background on the matters to be audited, for field audits of facilities or systems. In addition to technical tests and verifications, the field audit may include review of working processes and compliance of such processes by the relevant staff.	Proposed to be deleted – field audits have been included under 5.8.3	-	-
Field Audits	6.1.2	6.1.2 Each designated field auditor shall prepare and send to the PEM Auditor a formal audit report.	6.1.2 Each designated field auditor shall prepare and send to the PEM Auditor a formal audit report.	Proposed to be deleted – field audits are covered in the portion on Audit Process	-	-
Field Audits	6.1.3	6.1.3 To help facilitate a consistent approach to reporting by different field	6.1.3 To help facilitate a consistent approach to reporting by different field	Proposed to be deleted	-	-



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		auditors and between different audit cycles, the PEM Auditor shall prepare a standard format for reporting by field auditors on specific audits.	auditors and between different audit cycles, the PEM Auditor shall prepare a standard format for reporting by field auditors on specific audits.			
Field Audits	6.1.4	6.1.4 The PEM Auditor shall prepare a consolidated Field Audit Report and submit it to the PEM Board, with an Executive Summary summarizing the main outcomes and findings of the different field audits, the level and statistics of non-compliance, and the recommendations.	6.1.4 The PEM Auditor shall prepare a consolidated Field Audit Report and submit it to the PEM Board, with an Executive Summary summarizing the main outcomes and findings of the different field audits, the level and statistics of non-compliance, and the recommendations.	Proposed to be deleted – already included under Section 5.8.4	-	-
		6.2 Field Audit Methodology	6.2 Field Audit Methodology	Proposed to be deleted – field audits are part of section on Audit process , Section 5.8	-	-
		6.2.1 The field audit process shall comply with the following steps: (a) The field auditor shall be advised by the PEM Auditor of the sites and facilities to	6.2.1 The field audit process shall comply with the following steps: (a) The field auditor shall be advised by the PEM Auditor of the sites and facilities to be audited,	Proposed to be deleted – field audits are covered the Section on Audit Process – Section 5.8.4	-	-

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		<p>be audited, the scope of the audit, details of the tests and results to be obtained.</p> <p>(b) The party to be audited (the one who is responsible for the facilities to be audited) shall be informed of the audit and the name of the field auditor by the PEM Auditor at least five (5) business days prior to the initiation of the audit.</p> <p>(c) The field auditor shall contact the party to be audited and inform both the party to be audited and the PEM Auditor of the proposed timetable and work plan. The party to be audited may request changes to the timetable for valid reasons, but in no case cause a delay greater than five (5)</p>	<p>the scope of the audit, details of the tests and results to be obtained.</p> <p>(b) The party to be audited (the one who is responsible for the facilities to be audited) shall be informed of the audit and the name of the field auditor by the PEM Auditor at least five (5) business days prior to the initiation of the audit.</p> <p>(c) The field auditor shall contact the party to be audited and inform both the party to be audited and the PEM Auditor of the proposed timetable and work plan. The party to be audited may request changes to the timetable for valid reasons, but in no case cause a delay greater than five (5) business days to the audit.</p> <p>(d) The field auditor and the party to be audited</p>			



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		business days to the audit. (d) The field auditor and the party to be audited shall meet in an office to review drawings, data sheets and any security or safety issues. (e) The field auditor shall visit the site and perform the planned tests on facilities and/or collect the required data. Staff of the party audited may be present. (f) The field auditor may ask for the PEM Auditor to request data and other information from the System Operator and the Market Operator, as applicable, to compare the data obtained in the tests or audits from the data	shall meet in an office to review drawings, data sheets and any security or safety issues. (e) The field auditor shall visit the site and perform the planned tests on facilities and/or collect the required data. Staff of the party audited may be present. (f) The field auditor may ask for the PEM Auditor to request data and other information from the System Operator and the Market Operator, as applicable, to compare the data obtained in the tests or audits from the data submitted to the System Operator or the Market Operator by the party audited.			

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		submitted to the System Operator or the Market Operator by the party audited. (g) The field auditor shall conduct an end of audit meeting with the party audited, to explain the first preliminary audit findings. (h) The field auditor shall submit its report to the PEM Auditor.	(g) The field auditor shall conduct an end of audit meeting with the party audited, to explain the first preliminary audit findings. (h) The field auditor shall submit its report to the PEM Auditor.			
Market Audit	7	Market Audit	Market Audit		-	-
		7.1 General Characteristics	7.1 General Characteristics		-	-
		7.1.1 Audits of the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor.	7.1.1 Audits of the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor.	The responsibility of the PEM Audit Committee to supervise the audits was already included in Section 5.1.1	-	-
		7.1.2 Each spot market and Market Operator audit should include the following:	7.1.2 Each spot market and Market Operator audit should include the following:	Transferred to 5.1.2	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited;</p> <p>(b) An audit process within a specified timeframe;</p> <p>(c) An audit report, describing</p> <p>(i) The audit process;</p> <p>(ii) Main findings, highlighting areas where there are non-compliance with the WESM Rules; and</p> <p>(iii) Conclusions and recommendations.</p>	<p>(a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited;</p> <p>(b) An audit process within a specified timeframe;</p> <p>(c) An audit report, describing</p> <p>(i) The audit process;</p> <p>(ii) Main findings, highlighting areas where there are non-compliance with the WESM Rules; and</p> <p>(iii) Conclusions and recommendations.</p>			
		<p>7.1.3 The following criteria shall be used to assess the spot market and the Market Operator:</p> <p>(a) Clear accountability for performance of Market Operator functions and responsibilities;</p> <p>(b) Adequacy - in terms of number and training of staff - to perform</p>	<p>7.1.3 The following criteria shall be used to assess the spot market and the Market Operator:</p> <p>(a) Clear accountability for performance of Market Operator functions and responsibilities;</p> <p>(b) Adequacy - in terms of number and training of</p>	Transferred to Section 5.2.3 with revisions	-	-



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		<p>assigned tasks and systems used;</p> <p>(c) Efficiency of processes (e.g. time response);</p> <p>(d) Accuracy of tasks (e.g. numbers of errors in settlement statements);</p> <p>(e) Compliance with the WESM Rules;</p> <p>(f) Degree to which processes are in alignment with the WESM Rules and its Market Manuals; and</p> <p>(g) Quality of the service measured in frequency and level of complaints and disputes.</p>	<p>staff – to perform assigned tasks and systems used;</p> <p>(c) Efficiency of processes (e.g. time response);</p> <p>(d) Accuracy of tasks (e.g. numbers of errors in settlement statements);</p> <p>(e) Compliance with the WESM Rules;</p> <p>(f) Degree to which processes are in alignment with the WESM Rules and its Market Manuals; and</p> <p>(g) Quality of the service measured in frequency and level of complaints and disputes.</p>			
		<p>7.1.4 In order to streamline the audit process and avoid unnecessary duplications, where possible –</p> <p>(a) The PEM Auditor and the Market Operator shall agree an annual</p>	<p>7.1.4 In order to streamline the audit process and avoid unnecessary duplications, where possible –</p> <p>(a) The PEM Auditor and the Market Operator shall agree</p>	Transferred to Section 5.2.4 with revisions	-	-

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		audit of the spot market; and (b) The spot market audit and the annual Market Operator audit shall be conducted together under the supervision and responsibility of the PEM Auditor.	an annual audit of the spot market; and (b) The spot market audit and the annual Market Operator audit shall be conducted together under the supervision and responsibility of the PEM Auditor.			
		7.2 Annual Audit of the Spot Market and the Market Operator	7.2 Annual Audit of the Spot Market and the Market Operator	Transferred to Section 5.2.2		
		7.2.1 Each year and not later than the end of October, the PEM Auditor shall conduct an audit of the spot market, including settlement of the markets administered by the Market Operator, generation scheduling, dispatch, price calculation, and any procedures and working processes used by the Market Operator in performing those functions in the WESM.	7.2.1 Each year and not later than the end of October, the PEM Auditor shall conduct an audit of the spot market, including settlement of the markets administered by the Market Operator, generation scheduling, dispatch, price calculation, and any procedures and working processes used by the Market Operator in performing those functions in the WESM.	Transferred to Section 5.2.1 with revisions	-	-

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		<p>7.2.2 The general objectives of the annual audit of the spot market and the Market Operator are to:</p> <p>(a) Assess procedures and working processes in the Market Operator;</p> <p>(b) Assess the usefulness and appropriateness of systems settlement system, data management and other procedures and working processes used by the Market Operator to administer the WESM, in order to:</p> <p>(i) Identify appropriate steps and measures to help the Market Operator effectively and efficiently perform its responsibilities in time and form in accordance with the WESM Rules;</p>	<p>7.2.2 The general objectives of the annual audit of the spot market and the Market Operator are to:</p> <p>(a) Assess procedures and working processes in the Market Operator;</p> <p>(b) Assess the usefulness and appropriateness of systems settlement system, data management and other procedures and working processes used by the Market Operator to administer the WESM, in order to:</p> <p>(i) Identify appropriate steps and measures to help the Market Operator effectively and efficiently perform its responsibilities in time and form in accordance with the WESM Rules;</p> <p>(ii) Review that the Market Operator practices and work</p>	Transferred to Section 5.2.2 with revisions	-	-



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		<p>(ii) Review that the Market Operator practices and work processes ensure the necessary transparency, independence, predictability and non-discrimination, and are in compliance with the WESM Rules and best international practices; and</p> <p>(iii) Assess if the systems, calculations, information flows and data management protect accuracy and quality of the data and results in generation scheduling, dispatch, prices and settlement, as well as if internal controls exist and are sufficient to guarantee security and confidentiality where appropriate, proposing</p>	<p>processes ensure the necessary transparency, independence, predictability and non-discrimination, and are in compliance with the WESM Rules and best international practices; and</p> <p>(iii) Assess if the systems, calculations, information flows and data management protect accuracy and quality of the data and results in generation scheduling, dispatch, prices and settlement, as well as if internal controls exist and are sufficient to guarantee security and confidentiality where appropriate, proposing</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>recommendations to improve the procedures to collect and process the information and the controls of quality and security of data in the WESM.</p> <p>(c) Assess the usefulness and appropriateness of the interfaces and exchange of information between the System Operator and the Market Operator in relation to generation scheduling, constraints and dispatch; and</p> <p>(d) Review compliance by the Market Operator with the WESM Rules.</p>	<p>recommendations to improve the procedures to collect and process the information and the controls of quality and security of data in the WESM.</p> <p>(c) Assess the usefulness and appropriateness of the interfaces and exchange of information between the System Operator and the Market Operator in relation to generation scheduling, constraints and dispatch; and</p> <p>(d) Review compliance by the Market Operator with the WESM Rules.</p>			
		7.2.3 The PEM Auditor, with the assistance of the Market Operator, shall prepare standard terms of reference for the annual audit of the spot market and the Market Operator	7.2.3 The PEM Auditor, with the assistance of the Market Operator, shall prepare standard terms of reference for the annual audit of the spot market and the Market Operator	Transferred to Section 5.2.5 with revisions	-	-

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		<p>covering the general scope described in the previous paragraph. The standard terms of reference shall include the following tasks:</p> <p>(a) Verify that each and all software of the Market Operator has valid audit certificates;</p> <p>(b) Review the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant, and the adequacy of the metering systems;</p> <p>(c) Review the calculations and allocations performed in the settlement process, and the adequacy and usefulness of the settlement systems;</p>	<p>covering the general scope described in the previous paragraph. The standard terms of reference shall include the following tasks:</p> <p>(a) Verify that each and all software of the Market Operator has valid audit certificates;</p> <p>(b) Review the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant, and the adequacy of the metering systems;</p> <p>(c) Review the calculations and allocations performed in the settlement process, and the adequacy and usefulness of the settlement systems;</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(d) Review and assess the billing and settlement system;</p> <p>(e) Review and assess the procedures, processes and systems for generation scheduling and dispatch, including management of submission and validation of bids and offers as well as the adequacy and usefulness of the coordination arrangements and systems with the System Operator;</p> <p>(f) Review and assess the processes for software management and data protection;</p> <p>(g) Review that, in all the above matters, the Market Operator is in compliance with the WESM Rules and</p>	<p>(d) Review and assess the billing and settlement system;</p> <p>(e) Review and assess the procedures, processes and systems for generation scheduling and dispatch, including management of submission and validation of bids and offers as well as the adequacy and usefulness of the coordination arrangements and systems with the System Operator;</p> <p>(f) Review and assess the processes for software management and data protection;</p> <p>(g) Review that, in all the above matters, the Market Operator is in compliance with the WESM Rules and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		propose enhancements in processes to achieve best international practices; and (h) Except for the first audit, review the measures and actions taken by the Market Operator in view of the findings and recommendations of the previous audit, and assess the adequacy and effective results of such measures and actions.	propose enhancements in processes to achieve best international practices; and (h) Except for the first audit, review the measures and actions taken by the Market Operator in view of the findings and recommendations of the previous audit, and assess the adequacy and effective results of such measures and actions.			
		7.2.4 The PEM Auditor shall submit to the PEM Board for review the proposed standard terms of reference of the annual audit. Within fifteen (15) days after the next PEM Board meeting, the PEM Board shall send its comments and observations. The PEM Auditor shall take into consideration the comments and observations received	7.2.4 The PEM Auditor shall submit to the PEM Board for review the proposed standard terms of reference of the annual audit. Within fifteen (15) days after the next PEM Board meeting, the PEM Board shall send its comments and observations. The PEM Auditor shall take into consideration the comments and observations received	Transferred to Section 5.1.3 as revised	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and revise the terms of reference accordingly. The standard terms of reference for the annual audit shall be published in the Market Information Website.	and revise the terms of reference accordingly. The standard terms of reference for the annual audit shall be published in the Market Information Website.			
		7.2.5 In view of the experience of the PEM Auditor in conducting audits and problems or other issues that may require auditing of the Market Operator, the PEM Auditor from time to time may revise the standard terms of reference of the Market Operator annual audit.	7.2.5 In view of the experience of the PEM Auditor in conducting audits and problems or other issues that may require auditing of the Market Operator, the PEM Auditor from time to time may revise the standard terms of reference of the Market Operator annual audit.	Proposed to be deleted, the terms of reference are not always standard and may vary according to the items proposed to be audited which may be different from previous audits conducted	-	-
		7.2.6 When necessary at the discretion and opinion of the PEM Auditor, the PEM Auditor shall request to contract an independent and qualified team to carry out all or part of the audit.	7.2.6 When necessary at the discretion and opinion of the PEM Auditor, the PEM Auditor shall request to contract an independent and qualified team to carry out all or part of the audit.	Proposed to be deleted – already covered in earlier sections of the manual on the authority to engage external auditors	-	-
		7.2.7 During the audit process, the PEM Auditor will be the coordinator with the contracted expert team	7.2.7 During the audit process, the PEM Auditor will be the coordinator with the contracted expert team	Deleted as this has been sufficiently covered in the earlier provisions of the manual	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and will be entitled to receive a copy of all reports and findings. Once the audit has finished and the experts submitted their final reports and recommendations, the PEM Auditor shall review the report and recommendations, to prepare and send to the Market Operator a preliminary Annual Audit Report, which shall include: (a) A summarized description of the audit process conducted by the auditor(s); (b) For each task or matter audited, general review and findings by the auditor(s); (c) Recommendations of the PEM Auditor in view of assessment and recommendations by the expert audit team, identifying any recommendation by such auditor(s) that the PEM Auditor has	and will be entitled to receive a copy of all reports and findings. Once the audit has finished and the experts submitted their final reports and recommendations, the PEM Auditor shall review the report and recommendations, to prepare and send to the Market Operator a preliminary Annual Audit Report, which shall include: (a) A summarized description of the audit process conducted by the auditor(s); (b) For each task or matter audited, general review and findings by the auditor(s); (c) Recommendations of the PEM Auditor in view of assessment and recommendations by the expert audit team, identifying any recommendation by such auditor(s) that the PEM Auditor has			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		rejected and the reason(s) for the rejection; and (d) As an Annex, the final report of the expert auditors.	rejected and the reason(s) for the rejection; and (d) As an Annex, the final report of the expert auditors.			
		7.2.8 The Market Operator shall review the preliminary report, and may make observations or request clarifications or corrections. The PEM Auditor shall review the comments and observations received from the Market Operator, revise the preliminary report as necessary and prepare the final Annual Audit Report and send it to: (a) The Market Operator; (b) The PEM Board; (c) DOE; and (d) The ERC.	7.2.8 The Market Operator shall review the preliminary report, and may make observations or request clarifications or corrections. The PEM Auditor shall review the comments and observations received from the Market Operator, revise the preliminary report as necessary and prepare the final Annual Audit Report and send it to: (a) The Market Operator; (b) The PEM Board; (c) DOE; and (d) The ERC.	Deleted as this has been sufficiently covered in the earlier provisions of the manual	-	-
		7.2.9 The final Annual Audit Report shall be published in the Market Information Website to be	7.2.9 The final Annual Audit Report shall be published in the Market Information Website to be	Deleted as this has been sufficiently covered in the earlier provisions of the manual	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		made available to WESM Members and the System Operator.	made available to WESM Members and the System Operator.			
Audit of the Market Assessment System	8	8.1. Each year or at such other regular period as may be determined by the PEM Board, the PEM Auditor shall conduct an audit of the market assessment system administered by the Market Assessment Group, and any procedures and working processes used by the Market Assessment Group in the collection, validation and processing of market monitoring data, and calculation of monitoring indices.	8.1. Each year or at such other regular period as may be determined by the PEM Board, the PEM Auditor shall conduct an audit of the market assessment system administered by the Market Assessment Group, and any procedures and working processes used by the Market Assessment Group in the collection, validation and processing of market monitoring data, and calculation of monitoring indices	Deleted as this has been included under Section 5.2.2.6	-	-
		8.1.1 The Market Assessment Group shall provide assistance to the PEM Auditor in the formulation of the standard terms of reference in the selection of expert team to audit the Market Assessment System including the processes and	8.1.1 The Market Assessment Group shall provide assistance to the PEM Auditor in the formulation of the standard terms of reference in the selection of expert team to audit the Market Assessment System including the processes and	This is an inherent in the PAC's processes to solicit the assistance of the MAG which assists the PAC and concerned auditees in the terms of reference to determine what is in the scope of the audit.	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		procedures of the Market Assessment Group.	procedures of the Market Assessment Group.			
Review of WESM Rules	9	9.1 Technical Matters	9.1. Technical Matters	Suggest that this Section be deleted. The provisions in this section relate more to the review of the current rules relating to technical matters with a view to recommending changes to address unintended effects of distortion in the operation of the WESM caused by current technical provisions. This function is now a function of the Rules Review unit of the MAG.	-	-
		9.1.1 At the same time as the annual audit, the PEM Auditor shall request the Technical Committee a review of technical matters covered in the WESM Rules and their adequacy to achieve the WESM Objectives.	9.1.1 At the same time as part of the annual audit, the PEM Audit shall request the Technical Committee a review of technical matters covered in the WESM Rules and their adequacy to achieve the WESM Objectives.	Deleted consistent with the above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>9.1.2 Within fifteen (15) days from the receipt of the request, the Technical Committee shall prepare and submit to the PEM Auditor, with copy furnished to the PEM Board and the Rules Change Committee, a Technical Review Report with its review, observations and recommendations on technical matters in the WESM Rules, and any proposed amendments, if any, are required in view of:</p> <p>(a) Unintended effects or distortions in the operation of the WESM caused by the current technical provisions;</p> <p>(b) New technologies and improving the efficiency and the effectiveness of the operation of the spot market or metering arrangements; and</p> <p>(c) Improving or enhancing the prospects for</p>	<p>9.1. Within fifteen (15) days from the receipt of the request, the Technical Committee shall prepare and submit to the PEM Auditor with copy furnished to the PEM Board and the Rules Change Committee, a Technical Review Report, observations and recommendations on technical matters in the WESM Rules, and any proposed amendments, if any, are required in view of:</p> <p>(a) Unintended effects or distortions in the operation of the WESM caused by the current technical provisions;</p> <p>(b) New technologies and improving the efficiency and the effectiveness of the operation of the spot market or metering arrangements; and</p> <p>(c) Improving or enhancing the prospects for the</p>	Deleted consistent with the above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the achievement of the WESM Objectives.	achievement of the WESM Objectives.			
		9.1.3 Any proposal for amendment to the WESM Rules shall be sent to the PEM Board using the standard form and including the content prescribed in the Rules Change Manual.	9.1.3 Any proposal for amendment to the WESM Rules shall be sent to the PEM Board using the standard form and including the content prescribed in the Rules Change Manual.	Proposed to be deleted since this process is part of the Rules Change Manual.	-	-
		9.2 Annual Audit of Generation Scheduling and Dispatch Rules	9.2 Annual Audit of Generation Scheduling and Dispatch Rules	Proposed to be deleted, this is already part of the audit of the spot market and the Market Operator	-	-
		9.2.1 As part of the annual audit, the PEM Auditor shall review – (a) The Market Operator's compliance with the scheduling and central dispatch procedures under the WESM Rules, in view of the processes, practices and staff of the Market Operator; and (b) The feasibility and adequacy of the scheduling	9.2.1 As part of the annual audit, the PEM Auditor shall review – (a) The Market Operator's compliance with the scheduling and central dispatch procedures under the WESM Rules, in view of the processes, practices and staff of the Market Operator; and (b) The feasibility and adequacy of the scheduling	Proposed to be relocated to Section 5.2.2.5 under the portion on the review of the spot market and the Market Operator. Deleted - the task of reviewing the feasibility and adequacy of the scheduling and central dispatch procedures,	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		and central dispatch procedures, software and systems prescribed or under the WESM Rules in light of the current conditions in the Philippines electricity industry and new development in technologies, dispatch methodologies and software.	and central dispatch procedures, software and systems prescribed or under the WESM Rules in light of the current conditions in the Philippines electricity industry and new development in technologies, dispatch methodologies and software.	software and systems prescribed under the WESM Rules is more a function for Rules Change Process. Such review will result to a change in the Rules.		
		9.2.2 Subject to PEM Board approval in accordance with the procedures established in this Manual, the PEM Auditor may contract a team of qualified experts to review and give their opinion on the adequacy of the procedures and criteria established in the WESM Rules in relation to generation scheduling and central dispatch.	9.2.2 Subject to PEM Board approval in accordance with the procedures established in this Manual, the PEM Auditor may contract a team of qualified experts to review and give their opinion on the adequacy of the procedures and criteria established in the WESM Rules in relation to generation scheduling and central dispatch.	Proposed to be deleted – the engagement of the external auditor has been covered in earlier sections of the PEM Audit Manual.	-	-
		9.2.3 As a result of the annual audit of the spot market and the Market Operator, the PEM Auditor shall indicate in the corresponding Annual Audit	9.2.3 As a result of the annual audit of the spot market and the Market Operator, the PEM Auditor shall indicate in the corresponding Annual Audit	This is the output of Rules Review.		



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Report its opinion (or the opinion of external experts contracted for the audit) on the adequacy of the WESM Rules in relation to generation scheduling and centralized dispatch, and when necessary recommend amendments to the WESM Rules.	Report its opinion (or the opinion of external experts contracted for the audit) on the adequacy of the WESM Rules in relation to generation scheduling and centralized dispatch, and when necessary recommend amendments to the WESM Rules.			
		9.2.4 At least once every two years or in case of any material problem or disputes in relation to the dispatch and generation scheduling in the WESM, the PEM Auditor shall appoint a team or company of external auditors expert in dispatch and generation scheduling software, rules and procedures in competitive wholesale electricity markets and centralized economic security constrained dispatch, to audit the Market Operator software, procedures and processes and to recommend enhancements	9.2.4. At least once every two years or in case of any material problem or disputes in relation to the dispatch and generation scheduling in the WESM, the PEM Auditor shall appoint a team or company of external auditors expert in dispatch and generation scheduling software, rules and procedures in competitive wholesale electricity markets and centralized economic security constrained dispatch, to audit the Market Operator software, procedures and processes and to recommend enhancements	Deleted consistent with the above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		both in the processes and systems used by the Market Operator and in the related WESM Rules, as necessary. The results and recommendations of this special audit shall be included in the Annual Audit Report.	both in the processes and systems used by the Market Operator and in the related WESM Rules, as necessary. The results and recommendations of this special audit shall be included in the Annual Audit Report.			
		9.2.5 Any change recommended or observation to the WESM Rules presented in the Annual Audit Report shall be submitted by the PEM Auditor to (a) The PEM Board; (b) DOE; and (c) The Rules Change Committee.	9.2.5 Any change recommended or observation to the WESM Rules presented in the Annual Audit Report shall be submitted by the PEM Auditor to (a) The PEM Board; (b) DOE; and (c) The Rules Change Committee.	Deleted consistent with the above	-	-
		9.3 Special Review of Generation Scheduling and Dispatch Rules 9.3.1 The PEM Board may, from time to time, request the PEM Auditor to review and assess specific	9.3 Special Review of Generation Scheduling and Dispatch Rules 9.3.1. The PEM Board may, from time to time, request the PEM Auditor to review and	Deleted consistent with the above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		WESM Rules and procedures in relation to generation scheduling, dispatch, price calculation methodology and settlement, within a specified deadline but never shorter than fifteen (15) days. The PEM Auditor may request an extension if it considers that the assessment requires a longer review period.	assess specific WESM Rules and procedures in relation to generation scheduling, dispatch, price calculation methodology and settlement, within a specified deadline but never shorter than fifteen (15) days. The PEM may request an extension if it considers that the assessment requires a longer review period			
		9.3.2 Within the period specified or the extension approved, as applicable, the PEM Auditor shall submit to the PEM Board a Rules Review Report with its review, opinion and recommendations, including any recommended amendments to the corresponding WESM Rules. Any proposal to amend the WESM Rules shall be sent by the PEM	9.3.2 Within the period specified or the extension approved, as applicable, the PEM Auditor shall submit to the PEM Board a Rules Review Report with its review, opinion and recommendations, including any recommended amendments to the corresponding WESM Rules. Any proposal to amend the WESM Rules shall be sent by the PEM	Deleted consistent with the above	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		Auditor to the PEM Board using the standard form and including the content prescribed in the Rules Change Manual.	Auditor to the PEM Board using the standard form and including the content prescribed in the Rules Change Manual.			
		9.3.3 If, in the opinion of the PEM Auditor, a more in depth review would be necessary, it may recommend to the PEM Board in its report: (a) The contracting external independent experts; or (b) The review by the Technical Committee; or (c) A special audit by the PEM Auditor on the implementation and procedures of the Market Operator in relation to the specific WESM Rules reviewed.	9.3.3 If, in the opinion of the PEM Auditor a more in depth review would be necessary, it may recommend to the PEM Board in its report: (a) The contracting external independent experts; or (b) The review by the Technical Committee; or (c) A special audit by the PEM Auditor on the implementation and procedures of the Market Operator in relation to the specific WESM Rules reviewed	Deleted consistent with the above		
Software of the Market Operator	10	10.1 Objective	10.1 Objective		-	-
		10.1.1 The Market Operator shall not implement a new software or associated	10.1.1 The Market Operator shall not implement a new software or associated	Transferred to Section 5.3.1 with revisions	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without –</p> <p>(a) Prior notice to all WESM Members and the PEM Board; and</p> <p>(b) Undergoing the ICT Change Management Process.</p> <p>All new software or modifications to existing software implemented through the ICT Change Management Process shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the change management process.</p>	<p>system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without –</p> <p>(a) Prior notice to all WESM Members and the PEM Board; and</p> <p>(b) Undergoing the ICT Change Management Process.</p> <p>All new software or modifications to existing software implemented through the ICT Change Management Process shall be subject to post audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and monitoring of all activities on all stages of the change management process.</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		10.2 Software for the WESM	10.2 Software for the WESM	Transferred to Section 10.27 with revisions	-	-
		<p>10.2.1 If the Market Operator wants to implement a new software for generation scheduling, dispatch, price calculation or settlement, or modify or replace an existing one, the Market Operator shall send a report to the PEM Auditor describing –</p> <p>(a) The software to be implemented (a new software) or the software to be modified;</p> <p>(b) If an existing software is going to be modified or replaced, a description of –</p> <p>(i) The reasons that justify the change, including any problem or shortfall identified in the existing software, if any;</p>	<p>10.2.1 If the Market Operator wants to implement a new software for generation scheduling, dispatch, price calculation or settlement, or modify or replace an existing one, the Market Operator shall send a report to the PEM Auditor describing –</p> <p>(a) The software to be implemented (a new software) or the software to be modified;</p> <p>(b) If an existing software is going to be modified or replaced, a description of –</p> <p>(i) The reasons that justify the change, including any problem or shortfall identified in the existing software, if any;</p> <p>(ii) Expected improvements,</p>	Transferred to Section 5.7.3	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(ii) Expected improvements, particularly in relation to transparency, efficiency, data processing and response time;</p> <p>(iii) The scope of the proposed modification or, if the existing software is going to be replaced, the description of the new software and main differences with the existing one;</p> <p>(c) If a new software is going to be implemented, a description of -</p> <p>(i) The reasons that justify the new software, particularly the expected improvements in efficiency, data</p>	<p>particularly in relation to transparency, efficiency, data processing and response time;</p> <p>(iii) The scope of the proposed modification or, if the existing software is going to be replaced, the description of the new software and main differences with the existing one;</p> <p>(c) If a new software is going to be implemented, a description of -</p> <p>(i) The reasons that justify the new software, particularly the expected improvements in efficiency, data processing and response time;</p> <p>(ii) The description of the new software;</p> <p>(iii) The description of the tests performed and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>processing and response time;</p> <p>(ii) The description of the new software;</p> <p>(iii) The description of the tests performed and results that prove that the software has been sufficiently and adequately tested in trial mode, produces accurate results and is ready for implementation;</p> <p>(d) Findings and details thereof, proving that the modified or new software will be in full compliance with the WESM Rules.</p>	<p>results that prove that the software has been sufficiently and adequately tested in trial mode, produces accurate results and is ready for implementation;</p> <p>(d) Findings and details thereof, proving that the modified or new software will be in full compliance with the WESM Rules.</p>			
		10.2.2 The PEM Auditor shall review the report of the Market Operator and may request clarifications and further information. In particular, the PEM Auditor may organize a meeting with the relevant staff of the Market Operator to discuss the characteristics, any	10.2.2 The PEM Auditor shall review the report of the Market Operator and may request clarifications and further information. In particular, the PEM Auditor may organize a meeting with the relevant staff of the Market Operator to discuss the characteristics, any	Transferred to Section 5.7.5	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		limitation or potential problem, and other conditions of the software that may impact predictability, transparency or compliance with the WESM Rules.	limitation or potential problem, and other conditions of the software that may impact predictability, transparency or compliance with the WESM Rules.			
		10.2.3 The review of the PEM Auditor shall encompass testing of the software to verify accuracy of results and compliance with all requirement and procedures established in the WESM Rules. The PEM Auditor shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Auditor may request the contracting of an external expert to test and certify the software.	10.2.3 The review of the PEM Auditor shall encompass testing of the software to verify accuracy of results and compliance with all requirement and procedures established in the WESM Rules. The PEM Auditor shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Auditor may request the contracting of an external expert to test and certify the software.	Transferred to Section 5.7.6	-	-
		10.2.4 After finalizing the review and tests, as applicable and based on the information gathered and, if an external expert was used,	10.2.4 After finalizing the review and tests, as applicable and based on the information gathered and, if an external expert was used,	Transferred to Section 5.7.7	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		the report with the review and recommendations of the expert, the PEM Auditor shall prepare and submit to the Market Operator and the PEM Board a Software Review Report. The outcome of the review and recommendation shall indicate – (a) If the software is ready for implementation and in compliance with the WESM Rules and the objectives; or (b) Recommendations on measures or changes prior to implementing the software, to ensure full compliance with the WESM Rules and its objectives.	the report with the review and recommendations of the expert, the PEM Auditor shall prepare and submit to the Market Operator and the PEM Board a Software Review Report. The outcome of the review and recommendation shall indicate – (a) If the software is ready for implementation and in compliance with the WESM Rules and the objectives; or (b) Recommendations on measures or changes prior to implementing the software, to ensure full compliance with the WESM Rules and its objectives.			
		10.3 Settlement Software 10.3.1 Each year during the month of June or prior to implementation of any modification to the existing settlement software, an independent auditor competent to carry out such type of audit, shall audit the	10.3 Settlement Software 10.3.1 Each year during the month of June or prior to implementation of any modification to the existing settlement software, an independent auditor competent to carry out such type of audit, shall audit the		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		settlement software to determine its consistency with the WESM Rules.	settlement software to determine its consistency with the WESM Rules.			
		10.3.2 In any dispute in relation to settlement calculations, a certificate of such auditor that the settlement software is consistent with the WESM Rules shall be evidence that the charges or payments shown in a settlement statement have been calculated by a method consistent with the WESM Rules.	10.3.2 In any dispute in relation to settlement calculations, a certificate of such auditor that the settlement software is consistent with the WESM Rules shall be evidence that the charges or payments shown in a settlement statement have been calculated by a method consistent with the WESM Rules.	Transferred to Section 5.7.9 with revisions	-	-
		10.4 Software for WESM Members	10.4 Software for WESM Members	Deleted as this is covered in general under software for the spot market and the Market Operator	-	-
		10.4.1 Prior to implementing a new software to be used by WESM Members, or modifying or replacing an existing one, the Market Operator shall send a report to the PEM Auditor describing –	10.4.1 Prior to implementing a new software to be used by WESM Members, or modifying or replacing an existing one, the Market Operator shall send a report to the PEM Auditor describing –	Deleted as this is redundant- already mentioned under Section 5.7.3	-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>(a) The software to be implemented (a new software) or the software to be modified, and the expected usage by WESM Members;</p> <p>(b) Expected improvements for WESM Members, particularly in relation to accuracy, efficiency and consistency;</p> <p>(c) The description of the tests performed and results proving that the software has been sufficiently and adequately tested and is ready to be used by WESM Members; and</p> <p>(d) A description and details showing that the software calculations are accurate and in full compliance with the WESM Rules.</p>	<p>(a) The software to be implemented (a new software) or the software to be modified, and the expected usage by WESM Members;</p> <p>(b) Expected improvements for WESM Members, particularly in relation to accuracy, efficiency and consistency;</p> <p>(c) The description of the tests performed and results proving that the software has been sufficiently and adequately tested and is ready to be used by WESM Members; and</p> <p>(d) A description and details showing that the software calculations are accurate and in full compliance with the WESM Rules.</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		10.4.2 The PEM Auditor will review the report of the Market Operator and may request clarifications and further information. The PEM Auditor shall request a series of test runs to verify accuracy of results and that it works properly even in special conditions. With the results of these tests, the Market Operator shall correct the software, if necessary.	10.4.2 The PEM Auditor will review the report of the Market Operator and may request clarifications and further information. The PEM Auditor shall request a series of test runs to verify accuracy of results and that it works properly even in special conditions. With the results of these tests, the Market Operator shall correct the software, if necessary.		-	-
		10.4.3 Once the PEM Auditor considers that the software is accurate and ready for use, the PEM Auditor will prepare and submit to the Market Operator a Software Review Report approving the software, with copy thereof furnished to the PEM Board. The Market Operator shall publish the approval in the Market Information Website and advertise the new software or the change to the existing software when	10.4.3 Once the PEM Auditor considers that the software is accurate and ready for use, the PEM Auditor will prepare and submit to the Market Operator a Software Review Report approving the software, with copy thereof furnished to the PEM Board. The Market Operator shall publish the approval in the Market Information Website and advertise the new software or the change to the existing software when		-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		ready for use by WESM Members.	ready for use by WESM Members.			
Metering Review	11	11.1 Background	11.1 Background		-	-
		11.1.1 In accordance with the Grid Code, the Metering Services Providers have the responsibility to supply, install, connect, own, test, calibrate, place in service, operate, check, and maintain the metering system for settlement, ensuring the accuracy and traceability of calibration and test results. Additionally, each Metering Services Provider shall take all reasonable steps to prevent unauthorized interference with the metering equipment.	11.1.1 In accordance with the Grid Code, the Metering Services Providers have the responsibility to supply, install, connect, own, test, calibrate, place in service, operate, check, and maintain the metering system for settlement, ensuring the accuracy and traceability of calibration and test results. Additionally, each Metering Services Provider shall take all reasonable steps to prevent unauthorized interference with the metering equipment.		-	-
		11.1.2 As established in the Grid Code, a User shall have the right to request an audit of the settlement data related to its account and the right to choose an independent third party qualified to perform the	11.1.2 As established in the Grid Code, a User shall have the right to request an audit of the settlement data related to its account and the right to choose an independent third party qualified to perform the		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		audit. In such cases, the System Operator, Metering Services Providers and Market Operator shall cooperate in the auditing process.	audit. In such cases, the System Operator, Metering Services Providers and Market Operator shall cooperate in the auditing process.			
		11.2 Scope and Objectives	11.2 Scope and Objectives			
		11.2.1 The general objective of the PEM Auditor metering review is to assess the adequacy of the metering standards and security systems and processes in the WESM.	11.2.1 The general objective of the PEM Auditor metering review is to assess the adequacy of the metering standards and security systems and processes in the WESM.		-	-
		11.2.2 Every year, the PEM Auditor shall review the security arrangements and requirement of metering installations. If considered necessary and convenient, the PEM Auditor may request the PEM Board approval of metering audits as part of the review process.	11.2.2 Every year, the PEM Auditor shall review the security arrangements and requirement of metering installations. If considered necessary and convenient, the PEM Auditor may request the PEM Board approval of metering audits as part of the review process.		-	-
		11.3 Consultation on Metering Arrangements	11.3 Consultation on Metering Arrangements		-	-
		11.3.1 Each year before the month of November, the	11.3.1 Each year before the month of November, the	Transferred to Section 5.7.9 with revisions	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		<p>PEM Auditor shall organize a consultation process with the Market Operator, Trading Participants, the Technical Committee and all Metering Services Providers in relation to metering arrangements in the WESM. The PEM Auditor shall publish in the Market Information Website a request for the Market Operator, Trading Participants and Metering Services Providers to submit to the PEM Auditor during the next fifteen (15) days their comments and recommendations regarding –</p> <p>(a) Standards and requirements of metering installations;</p> <p>(b) Adequacy of work procedures of Metering Services Providers; and</p> <p>(c) Security arrangements associated to</p>	<p>PEM Auditor shall organize a consultation process with the Market Operator, Trading Participants, the Technical Committee and all Metering Services Providers in relation to metering arrangements in the WESM. The PEM Auditor shall publish in the Market Information Website a request for the Market Operator, Trading Participants and Metering Services Providers to submit to the PEM Auditor during the next fifteen (15) days their comments and recommendations regarding –</p> <p>(a) Standards and requirements of metering installations;</p> <p>(b) Adequacy of work procedures of Metering Services Providers; and</p>			



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		metering systems and processes.	(c) — Security arrangements associated to metering systems and processes.			
		11.4 Audit of Metering Arrangements and Compliance	11.4 Audit of Metering Arrangements and Compliance		-	-
		11.4.1 When the annual metering arrangements review includes audits, as approved by the PEM Board, the PEM Auditor, supported by the Technical Committee, shall conduct an audit regarding, (a) Compliance with requirements of metering installations; (b) Compliance with security arrangements associated to metering systems and processes; and (c) Adequacy of security arrangements by the Market Operator and work procedures by Metering Services Providers.	11.4.1 When the annual metering arrangements review includes audits, as approved by the PEM Board, the PEM Auditor, supported by the Technical Committee, shall conduct an audit regarding, (a) — Compliance with requirements of metering installations; (b) — Compliance with security arrangements associated to metering systems and processes; and (c) — Adequacy of security arrangements by the Market Operator and work procedures by Metering Services Providers.		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		11.4.2 To audit compliance, the PEM Auditor shall select a sample of metering sites, where at least thirty percent (30%) of which shall correspond to the metering points with largest volume within the WESM, where metering errors or inadequacy can create the biggest impact and volume error in the WESM.	11.4.2 To audit compliance, the PEM Auditor shall select a sample of metering sites, where at least thirty percent (30%) of which shall correspond to the metering points with largest volume within the WESM, where metering errors or inadequacy can create the biggest impact and volume error in the WESM.		-	-
		11.4.3 The PEM Auditor shall designate staff of the Technical Committee as field auditors to perform compliance tests on the security processes and metering installations standards.	11.4.3 The PEM Auditor shall designate staff of the Technical Committee as field auditors to perform compliance tests on the security processes and metering installations standards.		-	-
		11.5 Review of Metering Arrangements	11.5 Review of Metering Arrangements		-	-
		11.5.1 The PEM Auditor shall review the adequacy and quality of the security arrangements taking into consideration –	11.5.1 The PEM Auditor shall review the adequacy and quality of the security arrangements taking into consideration –		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(a) Best practices in other competitive electricity markets; (b) Available technology; and (c) Comments and recommendations received during the consultation process.	(a) Best practices in other competitive electricity markets; (b) Available technology; and (c) Comments and recommendations received during the consultation process.			
		11.5.2 The PEM Auditor shall review the adequacy and compliance with the requirements of metering installations taking into consideration – (a) Available metering technology and its costs; (b) Practices in other competitive electricity markets to have adequate metering installations that are not unnecessarily costly; and (c) Comments and recommendations received during the consultation process.	11.5.2 The PEM Auditor shall review the adequacy and compliance with the requirements of metering installations taking into consideration – (a) Available metering technology and its costs; (b) Practices in other competitive electricity markets to have adequate metering installations that are not unnecessarily costly; and (c) Comments and recommendations received during the consultation process.		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		11.5.3 If the review process includes audits of metering systems and arrangements, the PEM Auditor shall also take into consideration findings and results of the field auditors.	11.5.3 If the review process includes audits of metering systems and arrangements, the PEM Auditor shall also take into consideration findings and results of the field auditors.		-	-
		11.5.4 Before the end of November, the PEM Auditor shall prepare a Metering Arrangements Report with its review and recommendations. The report shall include, as Annexes, the following: (a) The PEM Auditor recommendations; (b) If the review process included audits of metering systems and arrangements, the main finding and recommendations of the field auditors; and (c) The summary of the comments and recommendations received during the consultation process, identifying the party	11.5.4 Before the end of November, the PEM Auditor shall prepare a Metering Arrangements Report with its review and recommendations. The report shall include, as Annexes, the following: (a) The PEM Auditor recommendations; (b) If the review process included audits of metering systems and arrangements, the main finding and recommendations of the field auditors; and (c) The summary of the comments and recommendations received during the consultation		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		or parties that sent each type of comment or recommendation and, in case the observation or recommendation was rejected by the PEM Auditor, the reason for the rejection.	process, identifying the party or parties that sent each type of comment or recommendation and, in case the observation or recommendation was rejected by the PEM Auditor, the reason for the rejection.			
		11.5.5 The PEM Auditor shall send the Metering Arrangements Report to the PEM Board and the Market Operator, for publication in the Market Information Website.	11.5.5 The PEM Auditor shall send the Metering Arrangements Report to the PEM Board and the Market Operator, for publication in the Market Information Website.		-	-
Compliance With WESM Rules	12	12.1.1 As established in the Compliance and Enforcement Market Manual, assessment of alleged breaches shall be a responsibility of the ECO, and Investigations of an alleged breach shall be conducted either by the ECO or the MSC. The PEM Auditor shall not be assigned the responsibility of carrying out an Investigation. However, if requested by the ECO, the	12.1.1 As established in the Compliance and Enforcement Market Manual, assessment of alleged breaches shall be a responsibility of the ECO, and Investigations of an alleged breach shall be conducted either by the ECO or the MSC. The PEM Auditor shall not be assigned the responsibility of carrying out an Investigation. However, if requested by the ECO, the		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		PEM Auditor may support the Investigation of an alleged breach by providing opinion or conducting audits, including findings and recommendations.	PEM Auditor may support the Investigation of an alleged breach by providing opinion or conducting audits, including findings and recommendations.			
		12.1.2 In performing the ECO's functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, the ECO may request the PEM Auditor to assess or audit a WESM Member, the System Operator or the Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties in alleged breach the matters that have been derived to the PEM Auditor for assessment or audit.	12.1.2 In performing the ECO's functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, the ECO may request the PEM Auditor to assess or audit a WESM Member, the System Operator or the Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties in alleged breach the matters that have been derived to the PEM Auditor for assessment or audit.		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		12.1.3 When the investigation of an alleged breach has been referred to the MSC, the MSC may recommend an audit by the PEM Auditor. In such case, the ECO shall request and coordinate with the PEM Auditor the required audit, as established in the previous paragraph.	12.1.3 When the investigation of an alleged breach has been referred to the MSC, the MSC may recommend an audit by the PEM Auditor. In such case, the ECO shall request and coordinate with the PEM Auditor the required audit, as established in the previous paragraph.		-	-
		12.1.4 Under confidentiality obligation, the ECO shall provide the PEM Auditor all the required information and data to assess the alleged breach or to identify the details to be audited.	12.1.4 Under confidentiality obligation, the ECO shall provide the PEM Auditor all the required information and data to assess the alleged breach or to identify the details to be audited.		-	-
		12.1.5 The party in alleged breach has the obligation to cooperate with the PEM Auditor in the assessment or audit process, providing all the relevant data and other information requested by the PEM Auditor and allowing the necessary tests and audits.	12.1.5 The party in alleged breach has the obligation to cooperate with the PEM Auditor in the assessment or audit process, providing all the relevant data and other information requested by the PEM Auditor and allowing the necessary tests and audits.		-	-
		12.1.6 In case the party objects to submitting the	12.1.6 In case the party objects to submitting the		-	-



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		data or information requested by the PEM Auditor, the PEM Auditor shall request the MSC to request such data and information, and the MSC then shall provide it to the PEM Auditor within the established confidentiality provisions. If the party does not provide the data and information requested to the MSC, it shall be considered a breach to the WESM Rules.	data or information requested by the PEM Auditor, the PEM Auditor shall request the MSC to request such data and information, and the MSC then shall provide it to the PEM Auditor within the established confidentiality provisions. If the party does not provide the data and information requested to the MSC, it shall be considered a breach to the WESM Rules.			
		12.1.7 In all cases, the party is obliged to allow and facilitate the tests and audits requested by the PEM Auditor, provided that the PEM Auditor shall give an advance notice of not less than five (5) business days for any test or audit required, including a description of the scope and details of the test and audit. Not allowing the test or audits requested by the PEM Auditor shall be considered a breach.	12.1.7 In all cases, the party is obliged to allow and facilitate the tests and audits requested by the PEM Auditor, provided that the PEM Auditor shall give an advance notice of not less than five (5) business days for any test or audit required, including a description of the scope and details of the test and audit. Not allowing the test or audits requested by the PEM Auditor shall be considered a breach.		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Data and Information	1.2 13	13.1 The System Operator 13.1.1 The System Operator shall ensure an audit trail of documentation that is fully adequate to substantiate and reconstruct all relevant actions performed. For data and documents related to the WESM Rules and this Manual, such audit trail shall be maintained for a period of at least seven (7) years, unless specified otherwise in the WESM Rules or other Applicable Law, Rules and Regulations.	13.1 6 Data and Information 13.1 The System Operator 6.1 13.1.1 The System Operator shall ensure an audit trail of documentation that is fully adequate to substantiate and reconstruct all relevant actions performed. For data and documents related to the WESM Rules and this Manual, such audit trail shall be maintained for a period of at least seven (7) years, unless specified otherwise in the WESM Rules or other Applicable Law, Rules and Regulations.		-	-
	1.3	13.1.2 The System Operator shall provide the PEM Auditor or auditors designated by the PEM Auditor, all the information required for auditing purposes, within the timeframe and format as may be required by the PEM Auditor or designated auditors.	6.2 13.1.2 The System Operator shall provide the PEM Auditor Audit Committee or auditors designated by the PEM Auditor Audit Committee , all the information required for auditing purposes, within the timeframe and format as may be		-	-

Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			required by the PEM Auditor or designated auditors.			
	1.4	13.1.3 The System Operator shall retain the information provided by WESM Members and the Market Operator, and the data calculated and reports prepared in the planning and operation of the system, for the period and in accordance to the conditions established in the WESM Rules and the Grid Code. The storing of such information shall be appropriate for reasonable access as may be required for auditing purposes.	6.3 13.1.3 The System Operator shall retain the information provided by WESM Members and the Market Operator, and the data calculated and reports prepared in the planning and operation of the system, for the period and in accordance to the conditions established in the WESM Rules and the Grid Code. The storing of such information shall be appropriate for reasonable access as may be required for auditing purposes.		-	-
	1.5	13.2 The Market Operator 13.2.1 The Market Operator shall ensure an adequate audit trail of documentation to substantiate and	13.2 The Market Operator 6.4 13.2.1 The Market Operator shall ensure an adequate audit trail of documentation to		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		reconstruct all relevant actions performed. For data and documents related to the WESM Rules and this Manual, such audit trail shall be maintained for a period of at least seven (7) years, unless specified otherwise in the WESM Rules or other Applicable Law, Rules and Regulations.	substantiate and reconstruct all relevant actions performed. For data and documents related to the WESM Rules and this Manual, such audit trail shall be maintained for a period of at least seven (7) years, unless specified otherwise in the WESM Rules or other Applicable Law, Rules and Regulations.			
	1.6	13.2.2 The Market Operator shall provide the PEM Auditor or auditors designated by the PEM Auditor all the information required for auditing purposes, within the timeframe and format as the PEM Auditor or designated auditors may require.	6.5— 13.2.2 The Market Operator shall provide the PEM Auditor Audit Committee or auditors designated by the PEM Auditor Audit Committee , all the information required for auditing purposes, within the timeframe and format required as the PEM Auditor or designated auditors may require.		-	-
	1.7	13.2.3 The Market Operator shall retain information	6.6— 13.2.3 The Market Operator shall retain		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		provided by the System Operator, and other WESM Members, and the data calculated and reports prepared in generation scheduling, dispatch and administration of the WESM and its settlement system, in accordance with the WESM Rules. The storing of such information shall be appropriate for reasonable access as may be required for auditing purposes of the WESM and the Market Operator.	information provided by the System Operator, and other WESM Members, and the data calculated and reports prepared in generation scheduling, dispatch and administration of the WESM and its settlement system, in accordance with the WESM Rules. The storing of such information shall be appropriate for reasonable access as may be required for auditing purposes of the WESM and the Market Operator.			
	1.8	<p>13.3 Obligations of a Party Audited</p> <p>13.3.1 A party audited shall submit in a timely manner the complete data, documents and other information requested by the PEM Auditor or an auditor (field auditor or expert auditor) designated by the PEM Auditor in accordance with this Manual.</p>	<p>13.3 Obligations of a Party Audited</p> <p>6.7 13.3.1 A party audited shall submit in a timely manner the complete data, documents and other information requested by the PEM Auditor Audit Committee or an auditor (field auditor or expert auditor) designated by the PEM Auditor its designated</p>			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			auditor, in accordance with this Manual.			
	1.9	13.3.2 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited.	6.8-13.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited.		-	-
	1.10	13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions and responsibilities, or any finding and recommendations resulting from an audit process, except as provided in this Manual and the WESM Rules.	13.4 The PEM Auditor 6.9-13.4.1 The PEM Auditor <u>Audit Committee</u> shall not disclose any information obtained in carrying out its functions and responsibilities, or any finding and recommendations resulting from an audit process, except as provided in this Manual and <u>in the WESM Rules and the Retail Rules.</u>			
	1.11	13.4.2 The PEM Auditor shall not use any information, be it confidential or not, obtained in carrying out its functions and	6.10-13.4.2 The PEM Auditor <u>Audit Committee</u> shall not use any information, be it confidential or not, obtained		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		responsibilities for other purposes that those established in this Manual and the WESM Rules.	in carrying out its functions and responsibilities for other purposes that <u>than</u> those established in this Manual and <u>in</u> the WESM Rules <u>and in the Retail Rules.</u>			
	1.12	13.5 Confidentiality 13.5.1 When applicable in accordance to the confidentiality provision in the WESM Rules and this Manual, information submitted to the PEM Auditor will be designated and marked as "Confidential" and will be administered with measures considered by the PEM Auditor as necessary and reasonable to protect the confidentiality.	13.5 Confidentiality 6.11 13.5.1 When applicable in accordance <u>with</u> to the confidentiality provisions in the WESM Rules, <u>the Retail Rules</u> and this Manual, information submitted to the PEM Auditor <u>Audit Committee</u> will be designated and marked as "Confidential" and will be administered with measures considered by the PEM Auditor <u>Audit Committee</u> as necessary and reasonable to protect the confidentiality			
	1.13	13.5.2 A party providing any document or other information in the course of an audit may request that the document or information be designated as	6.12 13.5.2 A party providing any document or other information in the course of an audit may request that the document or information be designated		-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		confidential, if such document or information qualifies as confidential according to the confidentiality provisions in the WESM Rules. The PEM Auditor shall assess the confidentiality claim and, at its own discretion, determine the validity of the request. If the PEM Auditor agrees that the document or information qualifies as confidential, the document or information will be designated and marked as “Confidential”.	as confidential, if such document or information qualifies as confidential according to the confidentiality provisions in the WESM Rules. The PEM Auditor <u>Audit Committee</u> shall assess the confidentiality claim and, at its own discretion, determine the validity of the request. If the PEM Auditor <u>Audit Committee</u> agrees that the document or information qualifies as confidential, the document or information will be designated and marked as “Confidential”.			
	1.14	13.5.3 The PEM Auditor and each member of the Audit Committee, Technical Committee and other external auditors shall enter into a confidentiality agreement with the entity providing the information, the terms of which shall be prescribed by the PEM Board. 6.1.13	6.13-13.5.3 The PEM Auditor and each member of the <u>Audit Committee</u> , the Technical Committee and other <u>Independent external Auditors, as applicable,</u> shall enter into a confidentiality agreement with the entity providing the information, <u>as necessary.</u> the terms of which shall be		6.13-13.5.3 The PEM Auditor and each member of the <u>Audit Committee</u> , the Technical Committee and other external auditors, <u>as applicable,</u> shall enter into a confidentiality agreement with the entity providing the information, <u>as necessary.</u> the terms of which shall be prescribed by the PEM Board.	The auditors will not be limited to external experts, consistent with the proposed revisions in PEM Audit Manual.

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			prescribed by the PEM Board.			
Limitation of Liability and Indemnification	14 1.15	14. LIMITATION OF LIABILITY AND INDEMNIFICATION	14. <u>7.</u> LIMITATION OF LIABILITY AND INDEMNIFICATION		-	-
		14.1.1 In performing its audit and review functions and responsibilities as contained in this Manual, the PEM Auditor and any member of the Audit Committee or the Technical Committee shall not be personally liable for any loss or damage suffered or incurred by a WESM Member, the System Operator, the Market Operator or any other person as a consequence of any act or omission of those persons in the performance of their functions unless the PEM Auditor or the member of the Audit Committee or the Technical Committee, as the case may be, acted with malice, manifest partiality, bad faith, gross	<u>7.1</u> 14.1.1 In performing its audit and review functions and responsibilities as contained in this Manual, <u>the members of the</u> PEM Auditor Audit Committee and any member of the Audit Committee or the Technical Committee shall not be personally liable for any loss or damage suffered or incurred by a WESM Member, the System Operator, <u>the Metering Services Providers</u> , Market Operator or any other person as a consequence of any act or omission of those persons in the performance of their functions unless the <u>member of the</u> PEM Auditor or the member of the Audit Committee or the Technical Committee	With minor edits on the name of the Committee and inclusion of the audit of MSPs	-	-

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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		incompetence or gross negligence.	member, as the case may be, acted with malice, manifest partiality, bad faith, gross incompetence or gross negligence.			
		14.1.2 Except for liability arising out of conduct involving malice, manifest partiality, bad faith, gross incompetence or gross negligence, if the PEM Auditor or a member of the Audit Committee or the Technical Committee is made liable to pay any amount for loss or damage suffered or incurred by any person or entity as a consequence of any of its acts or omissions in the performance of its duties, the PEMC shall indemnify said persons through an indemnification process to be developed by the PEM Board. Said indemnification shall cover: (a) The full amount adjudged; and	7.2 14.1.2 Except for liability arising out of conduct involving malice, manifest partiality, bad faith, gross incompetence or gross negligence, if any member of the PEM Auditor or a member of the Audit Committee or the Technical Committee is made liable to pay any amount for loss or damage suffered or incurred by any person or entity as a consequence of any of its acts or omissions in the performance of its duties, the PEMC shall indemnify said persons through an indemnification process to be developed by the PEM Board. Said indemnification shall cover: a) (a) The full amount adjudged; and		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		(b) The costs and expenses incurred by the PEM Auditor and the member of the Audit Committee or the Technical Committee, as applicable, in defending itself in the related proceeding(s).	b) (b) The costs and expenses incurred by the PEM Auditor and the member of the <u>Audit Committee</u> or the Technical Committee, as applicable, in defending itself in the related proceeding(s).			
	NEW		<u>8 Amendment and Effectivity of the Manual</u> <u>8.1 Any amendment to this Manual shall be approved by the DOE, following the procedures for changes to Market Manuals set out in the WESM Rules and in the relevant Market Manual.</u>	Included the provision normally part of any Manual	-	-
	NEW		<u>8.2 This Market Manual, as it may be amended from time to time, shall be published in the PEMC website.</u> <u>This Market Manual or any amendment thereto shall become effective upon approval of the DOE in accordance with WESM Rules 8.6.4. The date of the</u>		-	-



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Title	Section	Original Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>effectivity shall be indicated in this document.</u>			

Proposed Amendments to Retail Rules

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
Audit	1.4.3.1	The PEM Auditor shall: a) Conduct the audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operations of the Central Registration Body and the performance of its functions as set forth in these Retail Rules; and	The PEM Auditor <u>Audit Committee</u> shall: a) <u>Oversee the</u> Conduct <u>of</u> the audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operations of the Central Registration Body and the performance of its functions as set forth in these Retail Rules; and	Global change adopting PEM Audit Committee The Guidelines Governing the Constitution of the PEM Board Committees, already refer to PEM Audit Committee (PAC) – one of the PEM Committees headed by the PEM Auditor to perform duties in accordance with the WESM Rules composed of three (3) members,	a) Conduct the audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operations of the Central Registration Body and the performance of its functions as set forth in these Retail Rules; and	Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option



Annex E – Matrix of Proposed Revisions to the Remanded Proposals on Audit and Performance Monitoring (DOE-Remanded Proposal)

Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		b) Test and check any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM members.	b) Test and check any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM m <u>M</u> embers.	headed by the PEM Auditor. Currently, the committee in charge of audits is already referred to as the PEM Audit Committee headed by a Chairperson. Although in the said Guidelines, reference is made to a PEM Auditor as the head of the PAC, the term is no longer being used to refer to the Chair of the PAC. It is intended that this change be reflected in the WESM Rules, in the Retail Rules as well as in the Guidelines above mentioned and the PEM Audit Manual for clarity.		for the PAC depending on the scope and difficulty of the audit.
Audit	1.4.3.2	The PEM Auditor shall perform the functions stated in clause 1.4.3.1 in accordance with Chapter 1	The PEM Auditor Audit Committee shall perform the functions stated in e <u>C</u> lause 1.4.3.1 in	Global change adopting PEM Audit Committee	-	-



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Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
		of the WESM Rules and relevant Market manuals.	accordance with Chapter 1 of the WESM Rules and relevant Market m <u>Manuals</u> .			
Rights of Access to Metering Data	4.5.3.0	The only entities entitled to have either direct or remote access to metering data on a read only basis from the metering database or the metering register in relation to a metering point are: 4.5.3.1 xxx ... 4.5.3.10 The PEM Auditor; ...	The only entities entitled to have either direct or remote access to metering data on a read only basis from the metering database or the metering register in relation to a metering point are: 4.5.3.1 xxx ... 4.5.3.10 The PEM Auditor <u>Audit Committee</u> ; ...	Global change adopting PEM Audit Committee	-	-
Audit of Metering Arrangements	4.8.1	The PEM Auditor shall conduct review and audit of the metering arrangements and compliance of the Retail Metering Services Providers and the <i>Central Registration Body</i> annually or for such other period as determined by the PEM Board	The PEM Auditor <u>Audit Committee</u> shall <u>oversee</u> <u>the</u> conduct of the review and audit of the metering arrangements and compliance of Retail Metering Services Providers and the Central Registration Body <u>to the requirements of the Retail Rules, its applicable Manuals and other</u>	Global change adopting PEM Audit Committee The proposed change is consistent with the proposed change in the WESM Rules Clause 4.5.5.4 (proposed). Market audits are conducted in consideration to the	The PEM Auditor <u>Audit Committee</u> shall conduct the review and audit of the metering arrangements and compliance of Retail Metering Services Providers and the Central Registration Body <u>to the requirements of the Retail Rules, its applicable Manuals and other relevant laws and</u>	Consistent with DOE position that the conduct of audit should be a primary responsibility of the PAC and that the conduct of audit by an independent third party should remain an option for the PAC

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Title	Section	Provision	Proposed Amendment	Rationale	Revised Proposed Amendment	Rationale
			<u>relevant laws and issuances. The said review shall be conducted</u> annually <u>periodically</u> or for such other period as determined by the PEM Audit Committee.	Manual of Approvals of PEMC. However, all market audit activities are determined and planned by the PEM Audit Committee.	<u>issuances. The said review shall be conducted</u> annually <u>periodically</u> or for such other period as determined by the PEM Audit Committee.	depending on the scope and difficulty of the audit. The frequency of review and audit will be specified in the proposed revisions in the PEM Audit Manual.