

MEETING MINUTES

Subject/Purpose : 225th RCC (Regular) Meeting No. 2023-18
 Date & Time : 17 November 2023, 9:00 AM to 3:33 PM
 Venue : Online via Microsoft Teams
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ATTENDEES

No.	Name	Designation/Position	Department/Company
1	Jesusito G. Morillos	Chairman, Independent	RCC
2	Jose Roderick F. Fernando	Member, Independent	RCC
3	Rachel Angela P. Anosan	Member, Independent	RCC
4	Jordan Rel C. Orillaza	Member, Independent	RCC
5	Dixie Anthony R. Banzon	Member (Principal), Generation Sector	RCC
6	Cherry A. Javier	Member (Principal), Generation Sector	RCC
7	Carlito C. Claudio	Member (Principal), Generation Sector	RCC
8	Michelle S. Tuazon	Member (Alternate), Generation Sector	RCC
9	Ryan S. Morales	Member (Principal), Distribution Sector	RCC
10	Nelson M. Dela Cruz	Member (Principal), Distribution Sector	RCC
11	Darwin T. Daymiel	Member (Alternate), Distribution Sector	RCC
12	Virgilio C. Fortich, Jr.	Member (Principal), Distribution Sector	RCC
13	Russel S. Alabado	Member (Principal), Distribution Sector	RCC
14	Alfredo C. Sanaga	Member (Alternate), Distribution Sector	RCC
15	Gian Karla C. Gutierrez	Member (Principal), Supply Sector	RCC
16	Darryl Lon A. Ortiz	Member (Principal), Transmission Sector	RCC
17	Isidro E. Cacho, Jr.	Member (Principal), Market Operator	RCC
18	Kristoffer S. Ng	Member (Alternate), Market Operator	RCC
19	Leo John A. Juguilon	Office of the CGO	PEMC
20	Bienvenido C. Mendoza, Jr.	MAG Head	PEMC
21	Karen A. Varquez	RCC Secretariat	PEMC
22	Divine Gayle C. Cruz	RCC Secretariat	PEMC
23	Mari Josephine C. Enriquez	RCC Secretariat	PEMC
24	Mary Rose L. Bisnar	RCC Secretariat	PEMC
25	John Eisendel M. Labay	RCC Secretariat	PEMC
26	Andrea J. Mendiola	Legal Head	PEMC
27	Gabriel R. Marmeto	Legal	PEMC
28	Aldjon Kenneth M. Yap	MSC Secretariat	PEMC
29	Jake Jerald M. Gines	MSC Secretariat	PEMC
30	Ira Lee P. Corectico	MSC Secretariat	PEMC
31	Sheryll M. Dy	Proponent	IEMOP
32	Lilibeth Grace L. Vetus	Proponent	IEMOP
33	Josell F. Co	Proponent	IEMOP
34	Anthony Jose P. Asprer	ECO	PEMC

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No.	Name	Designation/Position	Department/ Company
35	Angelica G. Alejan	ECO	PEMC
36	Mark Anthony C. Andrada	ECO	PEMC
37	Marie Liezelle E. Macabenta	ECO	PEMC
38	Gabbor M. Dichoso	ECO	PEMC
39	Nylle Gregory P. Bague	ECO	PEMC
40	Vince Luigi B. Maliwanag	ECO	PEMC
41	Dianne Kate C. Langit	ECO	PEMC
42	Rayan J. Genabe	ECO	PEMC
43	Christian Francis O. Belen	ECO	PEMC
44	Darlene C. Dublar	ECO	PEMC
45	Carl Angelo B. Dela Cruz	ECO	PEMC
46	Kassandra Fleur Alaine D. Domingo	ECO	PEMC
47	Ulah Urubio	Commenter	AC Energy
48	Ian Harvey R. Mendoza	Commenter	AC Energy
49	Jayson Francisco	Commenter	APC
50	Lex J. Magtalas	Commenter	APC
51	Rhovell Flores	Commenter	APC
52	Richard O. Arcenal	Commenter	SPC/SIPC
53	John Paulo P. Bolivar	Commenter	SPC/SIPC

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Agenda	Discussion/Agreements
I. Call to Order	The meeting was called to order at 9:02 AM.
II. Determination of Quorum	<p>The quorum was determined with fourteen (14) principal members and three (3) alternate members present.</p> <p>It was noted that there were no DOE observers present during the meeting due to business travels.</p>
III. Adoption of Agenda	<p>The agenda was adopted with the following modifications:</p> <ul style="list-style-type: none"> ● Removed agenda item 5.1 <i>Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints</i> due to the non-response of PSALM to the Secretariat's request for caucus meeting to come up with operational protocol with the National Power Corporation. Deferred to the next RCC Meeting. ● Rearrangement of item 5.2 and 5.3 ● The meeting number was revised from 224th to 225th RCC (Regular) Meeting due to the Caucus on ILP Proposal held last 13 November 2023.
IV. Draft Minutes of Previous Meetings: <ul style="list-style-type: none"> ● 223rd RCC (Regular) Meeting, 20 October 2023 	<ul style="list-style-type: none"> ● Ms. Mari Josephine C. Enriquez (RCC Secretariat) presented the draft Minutes of the 223rd RCC (Regular) Meeting, with comments received from Mr. Jordan Rel C. Orillaza (Independent). <p><u>Agreement:</u></p> <p>The RCC provisionally approved the draft minutes pending incorporation of annex.</p>
V. Matters Arising from Previous Meeting	
5.3 Proposed General Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Market Intervention and Suspension <ul style="list-style-type: none"> ● Draft RCC Resolution No. 2023-xx 	<p><u>Presenter:</u> Mr. Aldjon Kenneth M. Yap (MSC Secretariat/ PEMC)</p> <p><u>Action Requested:</u> For endorsement to PEM Board</p>



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	<p><u>Material:</u> Annex A – Matrix of proposed revision from IEMOP and the Market Surveillance Committee (MSC) on the WESM Rules.</p>

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Proceedings:

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- Ms. Enriquez presented the revised resolution of the proposal, highlighting the following matters that needed to be resolved:

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- Submission by the Market Operator (MO) and System Operator (SO) of impact and actual cost incurred by the WESM Members as a consequence of a Market Intervention (MI) /Market Suspension (MS).

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- Allowing the MO to declare MI caused by force majeure events such as unimplementable real time dispatch schedules.

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- Revisions to the proposed template for MI and MS report to consider instances wherein the system and weather conditions per grid are different.

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- To facilitate the RCC's discussion, Mr. Yap presented the matrix for the revised proposal on the WESM Rules with proposed revisions from IEMOP and the Market Surveillance Committee (MSC).

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- On the submission of impact and actual cost incurred by the WESM Members as a consequence of an MI/MS, the proposal under Clause 6.6.2.2 was as follows:

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~~“xxx Upon request from the Market Surveillance Committee,~~ The System Operator or the Market Operator, as the case may be, shall submit **within a reasonable period of time, all** available data or information necessary to determine the estimated cost impact that was incurred or may be incurred by WESM Members as a consequence of the MI, including, but not limited to, the estimated costs of enhancement **to the Market Management System or other related market** systems or processes that may be implemented to address issues that were identified as the principal cause of the Market Intervention or that have contributed thereto.”

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- Based on the proposed revision to Clause 6.6.2.2, below were the matters raised:
 - Mr. Orillaza inquired about the application of the phrase '*in cases of unimplementable RTD*'.
 - Mr. Yap clarified that the statement was used solely as a topic of the revision only and will not be included in the provision of the WESM Rules.
 - Mr. Kristoffer S. Ng (Market Operator) emphasized the importance of adhering to their initial proposal, stating that the provisions should be implemented upon the request of the MSC. He explained that the MSC, being the primary user of the data, possesses the expertise to

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determine its usability. He highlighted the difficulty that the MO and SO would face in providing the necessary data without clear specifications from the MSC regarding their needs.

- Mr. Yap clarified that, to avoid frequent data requests and streamline the process, the MSC has delegated authority to the MO and SO when MI/MS have an impact on WESM members. He provided examples of factors the MSC might require, including, but not limited to, costs associated with enhancing MMS that were not initially considered in the market fees, subsequently affecting WESM members. For the SO, Mr. Yap explained that in the event of force majeure events impacting the system, necessitating the construction of towers or systems to be recovered from End-users, cost recovery of capital expenditure (Capex) would be part of the estimated cost impact analysis.
- Chairman Jesusito G. Morillos (Independent) defined the ongoing issue, highlighting a division regarding whether the trigger for the report is event-driven or based on the request for submission. He noted that Mr. Yap and the MSC lean towards avoiding repeated requests, viewing the matter as continuous and standing. Understanding Mr. Ng's perspective, Chairman Morillos acknowledged a focus on content, emphasizing the need for clarity on what the MSC is seeking. Chairman Morillos expressed a leaning towards Mr. Yap's stance and suggested the implementation of a checklist for guidance.
- Ms. Lilibeth Grace L. Vetus (IEMOP/MO) acknowledged the emphasis on IEMOP's concern and conveyed their proposal for the MO and SO to be knowledgeable and informed about the information to be submitted to the MSC. IEMOP recognizes that during MI events, the MSC will assess the event's impact and be best positioned to specify the necessary information for the MO and SO. Ms. Vetus clarified that the MO has no objection to receiving requests from the MSC in such scenarios.
- Chairman Morillos acknowledges that the MSC is actively monitoring real-time behavioral graphs. Consequently, he understands that the MSC is better positioned to identify the data that should be requested from the MO and SO as events unfold.
- Mr. Yap reiterated that their current approach involves comparing market prices prior the MI event with administered prices during the event to determine the cost impact of such event to WESM members. Another consideration is the additional costs incurred by the MO and SO beyond the initially approved budget by the ERC. These costs, arising as a consequence of the MI, will affect also WESM members. To streamline the process, Mr. Yap emphasized that the MSC has delegated authority to the MO and SO to submit a cost impact analysis when necessary, recognizing that these are additional expenses not originally budgeted and will be borne by WESM members.
- Mr. Darryl Lon A. Ortiz (Transmission) commented that costs for grid enhancements are finalized after undergoing a rigorous ERC-approval process and suggested to identify first the cost to be included in the report or consider market-related costs only. Mr. Orillaza concurred with Mr. Ortiz in suggesting that it would be beneficial to first establish the protocol and procedure for assessing cost impacts.
- Mr. Carlito C. Claudio (Generation) outlined the typical source of cost impacts noting that for MI/MS events potential issues might arise in the infrastructure of the system, and these would be observable by the MO.

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- 102 - Chairman Morillos identified three key issues: 1) Cost, which could be related to Capital
 103 Expenditure (Capex) or incidental/administrative pricing; 2) Mode, representing the cost
 104 felt on the ground; and 3) Visibility, indicating who observe the effect. In cases where the
 105 effect is seen by the MSC, they will initiate the request for a cost impact analysis. However,
 106 if the impact is first identified by the MO due to administrative pricing, there is no need for
 107 the MSC to request it; instead, the MO will provide the report. Conversely, if the impact
 108 exceeds the agreed Capex maximum allowable revenue before applying to the ERC, it will
 109 be first noticed by the SO
 110

111 In view of the foregoing, the RCC agreed to retain the provision “Upon request from the Market
 112 Surveillance Committee” for the MSC to identify the specific data requested for the assessment of
 113 cost impact analysis.
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- 115 ● On the provision allowing the MO to declare MI in cases of unimplementable RTD in coordination
 116 with NGCP-SO, the proposal under Clause 6.2.1.3 is as follows.
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118 “Market System-related intervention by the Market Operator may also be warranted if there is
 119 an interruption in the operations of the Market:
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- 121 a. Due to a glitch or malfunction, that is clearly unforeseeable and uncontrollable, in
 122 the software or hardware of the Market Management System or other related market
 123 systems or processes that is/are utilized by the Market Operator to support various
 124 processes in the WESM;
 125 b. During the simulation of the business continuity plan and/or disaster recovery procedures
 126 of the Market Operator developed under the Clause 6.8.1.1; or
 127 c. Due to arising from an event of force majeure.
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129 If arising from an event of force majeure, as contemplated above that also affects the
 130 security of the grid, the Market Operator may likewise declare Market System related-
 131 intervention, in coordination with the System Operator.
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133 In all cases of declaration of a Market System – related Intervention, the MSC shall
 134 determine whether the same is justified or not.
 135

136 Upon determination of the existence of an alert or emergency state, the System Operator, in
 137 coordination with the Market Operator, may declare MI.
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139 The Market Operator shall inform the WESM Participants of an alert warning notice from the
 140 System Operator and/or declaration of MI.
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142 **If arising from an event of force majeure, as contemplated above that also affects the**
 143 **security of the grid,** the Market Operator may likewise declare Market System related-
 144 intervention, in coordination with the System Operator.”

- 145
- 146 ● Based on the proposed revision to Clause 6.2.1.3, below were the matters raised:
 - 147
 - 148 a) Ms. Vetus sought clarification on the objective behind the MSC's determination of whether
 - 149 declaration of market system – related MI is justified or not. She also inquired about the basis
 - 150 and standards that would be employed for such determinations. Additionally, she sought
 - 151 clarification on the distinction between item (a), providing unforeseeable and uncontrollable
 - 152 events, and item (c), force majeure. Mr. Ng further explained that item (c) appears to already
 - 153 subsume item (a). Lastly, Ms. Vetus asked about the possible implications in the market results
 - 154 if an MI was deemed as not justifiable.
 - 155 - Mr. Yap explained that item (a) addresses issues related to the malfunction of the system
 - 156 or hardware whereas item (c) describes an interruption that occurred, preventing the MMS
 - 157 from functioning. He also clarified that if the MI falls within the parameters defined, then
 - 158 the MSC deems it justified.
 - 159 - Chairman Morillos explained that the parameters for determining the justification of MI are
 - 160 outlined in the rules, specifying the criteria for the call of MI. He further clarified that the
 - 161 entity responsible for calling the MI is already identified. Lastly, the request for a cost
 - 162 impact analysis is necessary to determine whether the call for MI is justified or not.
 - 163
 - 164 b) Chairman Morillos then inquired about the consequences if the MSC determines that MI is
 - 165 not justifiable.
 - 166 - Mr. Yap explained that if MSC recommends an MI is not justifiable, the recommendation
 - 167 is then presented for approval to the PEM Board.
 - 168 - Mr. Isidro E. Cacho, Jr. (Market Operator) concurred with IEMOP's position to delete the
 - 169 proposed provision “In the cases of declaration of a Market System-related intervention
 - 170 which shall be determined by the MSC as justified or not.”
 - 171
 - 172 c) Mr. Cacho inquired about the simulation of business continuity plan (BCP) as it is anticipated
 - 173 and should involve no surprise for the interruption, such that MI is declared by the MO
 - 174 depending on the BCP exercise to be conducted.
 - 175 - Mr. Yap clarified that provision is not a new addition on the WESM Rules.

Agreement:

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- 177 1. Retain the provision “Upon request from the Market Surveillance Committee” in WESM Rules
 - 178 Clause 6.6.2.2.
 - 179 2. Delete the proposed provision “In the cases of declaration of a Market System-related
 - 180 intervention which shall be determined by the MSC as justified or not.” in Clause 6.2.1.3 of the
 - 181 WESM Rules.
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- 184 3. Retain the Clause 6.2.1.3 (c) of the WESM Rules as proposed by the MSC and further
 185 refinement of the proposed Clause 6.2.1.3 (a).
 186 4. The RCC noted the request of MSC Secretariat to defer the discussion, specifically on Clause
 187 6.2.1.3 (a) of the WESM Rules, on the next RCC meeting, to further discuss the subject matter
 188 with the MSC and IEMOP.
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Agenda	Discussion/Agreements
5.2 Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation <ul style="list-style-type: none"> ● Draft RCC Resolution No. 2023-xx 	<p><u>Presenter:</u> Karen A. Varquez (RCC Secretariat)</p> <p><u>Action Requested:</u> For endorsement to the PEM Board</p> <p><u>Material:</u> Annex B – Matrix on Proposed General Amendments to the WESM Rules and Various WESM Manual on the Interruptible Load Program Implementation. Annex C – Presentation Material of Proposed to Allow Correction of Re-Declaration of Re-Declared BCQ</p>

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Proceedings:

- Ms. Varquez presented the draft resolution on the Proposed General Amendments to the WESM Rules and Various WESM Manual on the Interruptible Load Program Implementation. She highlighted the items that were discussed by IEMOP, MERALCO, and the RCC members who attended the caucus meeting held on 13 November 2023. The proposed revisions to the IEMOP's proposed amendments to the WESM Manual on Billing and Settlement Manual (BSM) under the new section on "Re-declaration for Energy Transaction" are as follows:
 - On the withdrawal of IEMOP's proposal to include in the criteria of BCQ re-declaration the inaccessibility of the CRSS due to force majeure under Clause 9.5.1, Ms. Vetus elaborated that they considered the guidance from DOE which stipulates that BCQ re-declaration are generally not permitted unless the market system is inaccessible. She added that IEMOP will study this matter as "force majeure" will include events/incidents that are not related to market systems.
 - On the re-declaration of bilateral contract quantities under Clauses 9.5.5 and 9.5.6, Ms. Vetus confirmed that Generation Companies shall submit only once the re-declaration of bilateral contract quantities for the relevant Contestable Customers for the account of the corresponding Distribution Utilities, or for the relevant Directly Connected Customers, no later than seven (7) business days from the end of the trading day when the Interruptible Load Program was activated.

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- 214 ● Chairman Morallos verified whether MO and MERALCO already agreed concerning the
 215 proposal. Mr. Morales stated that during the caucus, both parties had already reached an
 216 agreement regarding the timelines and corrections to BCQ re-declaration related to ILP.
 217
- 218 ● On Clause 9.5.9, the Market Operator shall submit the monthly summary of re-declaration and
 219 correction requests, including the reasons and decisions to the Enforcement and Compliance
 220 Office to the WESM Governance Arm, instead of the originally proposed submission to the
 221 PEM Board.
 222
- 223 ● On Clause 9.5.12, the Market Operator shall be issuing advisories on the format and mode of
 224 submissions of the re-declaration and corrected bilateral contracts quantities to the Market
 225 Participants through various platforms.
 226
- 227 ● On Clause 9.5.7, Ms. Vetus confirmed that IEMOP will be submitting additional amendments
 228 to reflect the default declaration of zero BCQ for ILP that will be subsequently corrected within
 229 D+10 from the ILP event.
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Agreement:

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- 233 a) IEMOP shall submit revised wordings to Clause 9.5.7.
 234 b) The Secretariat will circulate the revised resolution to the RCC upon receipt of the revised
 235 wording from IEMOP.
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Agenda	Discussion/Agreements
<ul style="list-style-type: none"> ● New Business <p>6.1 Proposed Amendments to the WESM Rules and WESM Manuals on Penalty, and Enforcement and Compliance</p>	<p><u>Presenter:</u> Ms. Angelica Alejan (PEMC-ECO) and Mr. Anthony Jose Asprer (PEMC-ECO)</p> <p><u>Action Requested:</u> For deliberation/ approval</p> <p>Material: Annex D – Presentation Material of Proposed amendments to the Penalty and Enforcement and Compliance Manual. Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual</p>

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Proceedings:

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- 243 ● Ms. Enriquez highlighted that the proposed amendments to the WESM Rules and WESM Manuals
 244 on Penalty, and Enforcement and Compliance, is subject to RCC's comments. Ms. Angelica
 245 Alejan (PEMC-ECO) and Mr. Anthony Jose Asprer (PEMC-ECO) led the line-by-line discussion
 246 of the proposed amendments.
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- 248 ● Below were the matters raised:
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- 250 a) Mr. Claudio and Atty. Rachel Angela P. Anosan (Independent) suggested not to abbreviate
 251 the "Notice of Specified Penalty" as "NSP" to avoid confusion with the "Network Service
 252 Provider or NSP" that is currently used in various Market Manuals.
 253 b) Chairman Morillos suggested reflecting the authority to use financial penalty in the WESM
 254 Rules which may need to be supported by a legal document. Mr. Ortiz likewise sought
 255 clarification on whether PEMC has the authority to utilize the penalties collected.
 256 - Ms. Anosan mentioned that the ERC issued a resolution authorizing PEMC to deduct
 257 penalties from the MTF.
 258 - Chairman Morillos proposed a review of the framework taking into account the ERC's
 259 jurisdiction on approving PEMC's Budget.
 260 - Mr. Mark Anthony C. Andrada (PEMC-ECO) explained that the proposed revision to
 261 WESM Rules Clause xxx will provide the basis for the proposed utilization of financial
 262 penalty.
 263 - The Secretariat committed to update the RCC on the MSC's decision on the matter
 264 raised.
 265
- 266 c) Ms. Javier requested clarification regarding the implications if the 60-day period for the
 267 ECO's resolution of a request for reconsideration has already lapsed.
 268 - Chairman Morillos clarified that the reconsideration will not be invalidated even if the
 269 ECO exceeded the 60-day period.
 270
- 271 ● While noting that the proposed amendments to the WESM Penalty Manual is still for deliberation
 272 by the MSC, the RCC voted ¹to approve the proposed amendments on the WESM Rules and
 273 Enforcement and Compliance Manual.
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Agreement:

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- 277 a) The RCC approved the proposed provisions on the WESM Rules and Enforcement and
 278 Compliance Manual
 279 b) PEMC will provide updates on MSC's decision regarding the proposed amendments to the
 280 WESM-Penalty Manual and respond to RCC's query on the legal basis for the proposed
 281 utilization of financial penalties during the next RCC meeting.
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¹ Approved proposed provision –

Voted: YES (12) – Messers. Fernando, Fortich, Claudio, Orillaza, Ortiz, Alabado, Morillos, Cacho, Banzon, Dela Cruz; and
 Mesdames. Javier and Anosan

Voted: No (0)



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6.2 Extension of Effectivity of Proposed Urgent Amendments regarding Forecast Accuracy Standards <ul style="list-style-type: none"> Draft RCC Resolution No. 2023-xx 	<p><u>Presenter:</u> Divine Gayle C. Cruz (RCC Secretariat)</p> <p><u>Action Requested:</u> For approval and endorsement to PEM Board</p>

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Proceedings:

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Agreement:

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The RCC approved the resolution and subject to finalization.

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Agenda	Discussion/Agreements
<ul style="list-style-type: none"> Other Matters 	
7.1 Updates on Other Proposed Amendments	<p>Ms. Enriquez provided updates on various proposed amendments to the RCC</p> <p><u>Material:</u> Annex F</p>
7.2 DOE Updates	The Secretariat informed the body that there are no updates on the five (5) proposed amendments for the DOE's final approval.
7.3 Schedule of Activities: <ol style="list-style-type: none"> RCC Meetings <ul style="list-style-type: none"> 14 December 2023 (Face-to-face, PEMC Board Room) 19 January 2024 16 February 2024 	The RCC noted the schedule of the next meetings.



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b) BRC Meeting <ul style="list-style-type: none"> • 15 November 2023 c) PEM Board Meeting <ul style="list-style-type: none"> • 22 November 2023 • 06 December 2023 d) WGC Dinner and PEMC Christmas Party on 14 December 2023, 6:00PM at WackWack Golf and Country Club	
<ul style="list-style-type: none"> • Adjournment 	The meeting was adjourned at 3:33 PM.

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Prepared by:

(signed)

JOHN EISENDEL M. LABAY
 Specialist, Rules Review Division
 Market Assessment Group

Reviewed by:

(signed)

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

Noted by:

(signed)

BIENVENIDO C. MENDOZA, JR.
 Chief Market Assessment Officer

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Approved by:

(signed)

JESUSITO G. MORALLOS
Chairman, Independent

(signed)

JOSE RODERICK F. FERNANDO
Member, Independent

(signed)

RACHEL ANGELA P. ANOSAN
Member, Independent

(signed)

JORDAN REL C. ORILLAZA
Member, Independent

(signed)

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

(signed)

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

(signed)

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

(signed)

(Attended by: Ms. Michelle S. Tuazon (Alternate Member))
MARK D. HABANA
Member, Generation Sector
Vivant Corporation – Philippines (Vivant)

(signed)

RYAN S. MORALES
Member, Distribution Sector
Manila Electric Company (MERALCO)

(signed)

VIRGILIO C. FORTICH, JR.
Member, Distribution Sector
Cebu III Electric Cooperative, Inc. (CEBECO III)

(signed)

RUSSEL S. ALABADO
Member, Distribution Sector
Angeles Electric Corporation (AEC)

(signed)

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

(signed)

GIAN KARLA C. GUTIERREZ
Member, Supply Sector
First Gen Corporation (FGEN)

(signed)

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

(signed)

DARRYL LON A. ORTIZ
Member, System Operator
National Grid Corporation of the Philippines
(NGCP)

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Annex A – Matrix of proposed revision from IEMOP and the Market Surveillance Committee (MSC) on the WESM Rules

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Subject Matter	Proposed Wording	MSC Proposed Wordings
On the submission of impact and actual cost incurred by the WESM Members as a consequence of an MI/MS	<p><i>Proposed by IEMOP:</i></p> <p>Upon request from the Market Surveillance Committee, the System Operator or the Market Operator, as the case may be, shall submit available data or information necessary to determine the estimated cost impact that may be incurred by WESM Members as a consequence of the event, including, among others, the estimated costs of enhancements to the market systems or processes that may be implemented to address issues that were identified as the principal cause of the event or that have contributed thereto, within a reasonable period of time from the market resumption.</p>	<p>Upon request from the Market Surveillance Committee, The System Operator or the Market Operator, as the case may be, shall submit within a reasonable period of time, all available data or information necessary to determine the estimated cost impact that was incurred or may be incurred by WESM Members as a consequence of the MI, including, but not limited to, the estimated costs of enhancements to the Market Management System or other related market systems or processes that may be implemented to address issues that were identified as the principal cause of the Market Intervention or that have contributed thereto.</p>
MO to declare MI in cases of unimplementable RTD but should be done always in coordination with NGCP-SO	<p>Market System-related intervention by the Market Operator may also be warranted if there are interruptions in the operations of market software utilized for market used by the Market Operator to support various processes in the WESM –</p> <p>(a) during the simulation of the <i>business continuity</i> plan and disaster recovery procedures of the Market Operator developed under Clause 6.8.1.1- ;or</p> <p>(b) arising from an event of force majeure.</p> <p>Similarly, in cases of force majeure events resulting in the occurrence of interruptions in the operations of market software affecting the system security of the grid, the Market Operator may</p>	<p>Market System-related intervention by the Market Operator may also be warranted if there is an interruption in the operations of the Market:</p> <p>a. due to a glitch or malfunction, that is clearly unforeseeable and uncontrollable, in the software or hardware of the Market Management System or other related market systems or processes that is/are utilized by the Market Operator to support various processes in the WESM; –</p> <p>ba. during the simulation of the business continuity plan and/or disaster recovery procedures of the Market Operator developed under Clause 6.8.1.1- ;or</p>

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Subject Matter	Proposed Wording	MSC Proposed Wordings
	<p><u>likewise declare a market intervention, in coordination with the System Operator.</u></p> <p>Upon determination of the existence of an alert or <i>emergency</i> state, the <i>System Operator</i>, in coordination with the <i>Market Operator</i>, may declare <i>market intervention</i>.</p> <p>The <i>Market Operator</i> shall inform the <i>WESM Participants</i> of alert warning notice from the <i>System Operator</i> and/or declaration of <i>market intervention</i>.</p> <p><u>Similarly, in cases of force majeure events resulting in occurrence of interruptions in the operations of market software affecting the system security of the grid, the Market Operator may likewise declare a market intervention, in coordination with the System Operator.</u></p>	<p>c.(b) due to arising from an event of force majeure</p> <p><u>If arising from an event of force majeure, as contemplated above that also affects the security of the grid,</u> the Market Operator may likewise declare a Market System related-intervention, in coordination with the System Operator.</p> <p>In all cases of declaration of a Market System related Intervention, the MSC shall determine whether the same is justified or not,</p> <p>Upon determination of the existence of an alert or emergency state, the System Operator, in coordination with the Market Operator, may declare a MI.</p> <p>The Market Operator shall inform the WESM Participants of an alert warning notice from the System Operator and/or declaration of MI.</p> <p><u>If arising from an event of force majeure, as contemplated above that also affects the security of the grid,</u> the Market Operator may likewise declare a Market System related-intervention, in coordination with the System Operator.</p>

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Annex B – Matrix on Proposed General Amendments to the WESM Rules and Various WESM Manual on the Interruptible Load Program Implementation.

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WESM Manual on Billing and Settlement Issue 12.1					
Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
Bilateral Contract Declaration	9.5	(new)	<p><u>REDECLARATIONS FOR ENERGY TRANSACTIONS</u></p> <p><u>9.5.1 Generation Companies may re-declare bilateral contract quantities in respect to:</u></p> <p>a) <u>Contestable Customers that are registered with the Distribution Utility as Interruptible Load Program participants;</u></p> <p>b) <u>Directly connected customers that are registered with the Transmission Network Service Provider as Interruptible Load Program participants;</u></p> <p>c) <u>Force majeure events resulting in inability to access the Market Operator's electronic submission platform</u></p>	<p><u>RE-DECLARATIONS FOR ENERGY TRANSACTIONS</u></p> <p><u>9.5.1 Generation Companies may re-declare bilateral contract quantities in respect to:</u></p> <p>a) <u>Contestable Customers that are registered with the Distribution Utility as Interruptible Load Program participants; or</u></p> <p>b) <u>Directly Connected Customers that are registered with the Transmission Network Service Provider as Interruptible Load Program participants.</u></p>	<p>To institutionalize the Interim Protocol, which is currently not officially part of the WESM Manuals</p> <p>Section 9.5.1.a and 9.5.1.b are adopted from the Interim Protocol.</p>
		(new)	<p><u>9.5.2 In relation to Section 9.5.1.a and 9.5.1.b of this Manual, the System Operator and Distribution Utilities shall provide the Market Operator the list of Directly</u></p>	<p><u>9.5.2 In relation to Section 9.5.1.a and 9.5.1.b of this Manual, the System Operator and Distribution Utilities shall provide the Market Operator the list of Directly</u></p>	<p>Section 9.5.2 is adopted from the Interim Protocol.</p>

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WESM Manual on Billing and Settlement Issue 12.1

Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<u>Connected Customers and Contestable customers respectively participating in the Interruptible Load Program every 15th day of the month.</u>	<u>Connected Customers and Contestable Customers respectively participating in the Interruptible Load Program every 15th day of the month.</u>	
		(new)	<u>9.5.3 If re-declaration is due to Section 9.5.1.a of this Manual, the Generation Companies shall enroll the applicable Distribution Utility as a supply customer with the Market Operator prior to re-declaration in accordance with Section 3.5 of the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures.</u>	<u>9.5.3 If re-declaration is due to Section 9.5.1.a of this Manual, the Generation Companies shall enroll the applicable Distribution Utility as a supply customer with the Market Operator prior to re-declaration in accordance with Section 3.5 of the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures.</u>	Section 9.5.3 is adopted from the Interim Protocol.
		(new)	<u>9.5.4 The System Operator and Distribution Utilities shall inform the Market Operator of the actual time and duration of de-loading of their customers participating in the Interruptible Load Program no later than one (1) business day from the end of the relevant trading day the Interruptible Load Program was activated.</u>	<u>9.5.4 The System Operator and Distribution Utilities shall inform the Market Operator of the actual time and duration of de-loading of their customers participating in the Interruptible Load Program no later than one (1) business day from the end of the relevant trading day the Interruptible Load Program was activated.</u>	Section 9.5.4 is adopted from the Interim Protocol.

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WESM Manual on Billing and Settlement Issue 12.1

Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
		(new)	<u>9.5.5 If re-declaration is due to Section 9.5.1.a of this Manual, the Generation Companies shall submit the re-declaration of bilateral contract quantities for the applicable Contestable Customers for the account of the corresponding Distribution Utilities no later than seven (7) business days from the end of the relevant trading day when the Interruptible Load Program was activated.</u>	<u>9.5.5 If re-declaration is due to Section 9.5.1.a of this Manual, the <i>Generation Companies</i> shall submit, only once, the re-declaration of <i>bilateral contract quantities</i> for the relevant <i>Contestable Customers</i> for the account of the corresponding <i>Distribution Utilities</i> no later than seven (7) business days from the end of the trading day when the <i>Interruptible Load Program</i> was activated.</u>	Section 9.5.5 is adopted from the Interim Protocol.
		(new)	<u>9.5.6 If re-declaration is due to Section 9.5.1.b of this Manual, the Generation Companies shall submit the re-declaration of bilateral contract quantities for the applicable directly connected customers no later than seven (7) business days from the end of the relevant trading day when the Interruptible Load Program was activated.</u>	<u>9.5.6 If re-declaration is due to Section 9.5.1.b of this Manual, the <i>Generation Companies</i> shall submit, only once, the re-declaration of bilateral contract quantities for the relevant <i>Directly Connected Customers</i> no later than seven (7) business days from the end of the trading day when the <i>Interruptible Load Program</i> was activated.</u>	Section 9.5.6 is adopted from the Interim Protocol.
			<u>9.5.7 If re-declaration is due to Section 9.5.1.c of this Manual, the</u>	<deleted per deletion of item (c) of Clause 9.5.1>	

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<u>Generation Companies shall submit the re-declaration of bilateral contract quantities for the affected dispatch intervals, with accompanying proof of inability to access the Market Operator's electronic submission platform, no later than seven (7) business days from the end of the relevant trading day when the <i>force majeure</i> event occurred, provided that the Generation Company shall immediately report the inability to access the Market Operator's electronic submission platform within the day of occurrence of the <i>force majeure</i> event.</u>		
		(new)	<u>9.5.8 The Market Operator is authorized to approve a request for re-declaration of bilateral contract quantities made under Section 9.5.5 and 9.5.6 of this Manual provided that such re-declaration complies with all the following requirements:</u>	<u>9.5.7 The Market Operator is authorized to accept, the re-declaration of bilateral contract quantities made under Section 9.5.5 and 9.5.6 of this Manual provided that such re-declaration complies with all the following requirements:</u>	Section 9.5.8 is adopted from the Interim Protocol. <i>IEMOP will submit revisions to this provision.</i>

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<p>a) <u>The bilateral contract quantity re-declarations were submitted no later than seven (7) business days from the end of the relevant trading day when the Interruptible Load Program was activated;</u></p> <p>b) <u>The bilateral contract quantity re-declarations were only for intervals and for the CCs and/or DCCs that participated when the Interruptible Load Program was activated;</u></p> <p>c) <u>The bilateral contract quantity re-declarations of Generation Companies correspond with their respective contract enrolments; and</u></p> <p>d) <u>The bilateral contract re-declarations of Generation Companies follow the prescribed format and mode of submissions.</u></p>	<p>a) <u>The <i>bilateral contract</i> quantity re-declaration was submitted no later than seven (7) business days from the end of the relevant trading day when the <i>Interruptible Load Program</i> was activated;</u></p> <p>b) <u>The <i>bilateral contract</i> quantity re-declarations were only for intervals and for the Contestable Customers and/or Directly Connected Customers that participated when the <i>Interruptible Load Program</i> was activated;</u></p> <p>c) <u>The <i>bilateral contract</i> quantity re-declarations of <i>Generation Companies</i> correspond with their respective contract enrolments; and</u></p> <p>d) <u>The <i>bilateral contract</i> re-declarations of <i>Generation Companies</i> follow the prescribed format and mode of submissions.</u></p> <p><u>For avoidance of doubt, any re-declaration of <i>bilateral contract</i></u></p>	

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WESM Manual on Billing and Settlement Issue 12.1

Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
				<p><u>quantities made under Section 9.5.5 and 9.5.6 of this Manual made beyond the timeline prescribed in (a) hereof shall be considered non-compliant and therefore shall not be accepted by the Market Operator.</u></p> <p><u>The Market Operator shall notify the relevant Generation Company and relevant counterparty of the acceptance or non-acceptance of bilateral contract quantity re-declaration, as the case may be, including the reason therefor, within a period of five (5) working days from receipt thereof.</u></p>	
			<p><u>9.5.9 The Market Operator is authorized to approve a request for re-declaration of bilateral contract quantities made under Section 9.5.7 of this Manual provided that such re-declaration complies with all the following requirements:</u></p> <p><u>a) The bilateral contract quantity re-declarations were submitted no later than seven (7) business days</u></p>	<deleted per deletion of item (c) of Clause 9.5.1>	

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<p><u>from the end of the relevant trading day when the <i>force majeure</i> event occurred;</u></p> <p>b) <u>The bilateral contract quantity re-declarations were only for intervals when the Market Operator's electronic submission platform was inaccessible;</u></p> <p>c) <u>The bilateral contract quantity re-declarations of Generation Companies correspond with their respective contract enrolments;</u></p> <p>d) <u>The bilateral contract re-declarations of Generation Companies follow the prescribed format and mode of submissions;</u></p> <p>e) <u>The Generation Company immediately reported the inability to access the Market Operator's electronic submission platform within the day of</u></p>		

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<p><u>occurrence of the force majeure event; and</u></p> <p><u>The Generation Company attests, by way of a public document, to the truthfulness and correctness of the submitted proof of inability to access the Market Operator’s electronic submission platform.</u></p>		
		(new)		<p><u>9.5.8 The concerned Generation Company and Distribution Utility shall coordinate with each other to ensure that the bilateral contract quantities declared by the Generation Company on the ground of Sections 9.5.1(a) or 9.5.1(b) reflect the actual bilateral contract quantities for the concerned Contestable Customer or Directly Connected Customer during the trading interval when the Interruptible Load Program was activated.</u></p>	<p>This new provision proposes the procedure for the implementation of MERALCO’s request to have the opportunity to review actual data during ILP event.</p>

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WESM Manual on Billing and Settlement Issue 12.1

Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
				<p><u>If the concerned <i>Generation Company</i> and <i>Distribution Utility</i> later discovers an error on the re-declared <i>bilateral contract</i> quantities for the concerned <i>Contestable Customer</i> or <i>Directly Connected Customer</i> accepted under Section 9.5.7, the concerned <i>Generation Company</i> may submit, only once, the corrected <i>bilateral contract</i> quantities provided that such submission complies with the following requirements:</u></p> <p>a) <u>The <i>Generation Company</i> has complied with the requirements for re-declaration of <i>bilateral contract</i> quantity under Section 9.5.7;</u></p> <p>b) <u>The submission of corrected <i>bilateral contract</i> quantity is made no later than ten (10) days from the from the end of the relevant trading day when the <i>Interruptible Load Program</i> was activated;</u></p>	

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
				<p>c) <u>The corrected <i>bilateral contract</i> quantity re-declarations of <i>Generation Companies</i> correspond with their respective contract enrolments; and</u></p> <p>d) <u>The corrected bilateral contract re-declarations of <i>Generation Companies</i> follow the prescribed format and mode of submission.</u></p> <p><u>For avoidance of doubt, any re-declaration of bilateral contract quantities made under Section 9.5.5 and 9.5.6 of this Manual made beyond the timeline prescribed in (b) hereof shall be considered non-compliant and therefore shall not be accepted by the <i>Market Operator</i>.</u></p> <p><u>The <i>Market Operator</i> shall notify the relevant <i>Generation Company</i> of the acceptance or non-acceptance of <i>bilateral contract</i> quantity re-declaration, as the case may be, including the reason therefor.</u></p>	

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WESM Manual on Billing and Settlement Issue 12.1					
Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
				<u>within a period of five (5) working days from receipt thereof.</u>	
		(new)	<p><u>9.5.10 The Market Operator shall act upon requests for re-declaration and shall inform the WESM Member of its decision and reason for approval or disapproval within a period of five (5) working days from receipt thereof.</u></p> <p><u>A monthly summary of re-declaration requests, including the reasons and decisions, shall be provided by the Market Operator to the PEM Board for information.</u></p>	<u>9.5.9 A monthly summary of re-declaration and correction requests, including the reasons and decisions, shall be provided by the Market Operator to the Enforcement and Compliance Office of the WESM Governance Arm.</u>	To inform the ECO of the behavior of the participants for its studies.
		(new)	<u>9.5.11 Disputes in respect of the Market Operator's disapproval of a request for redeclaration may be raised within six (6) months from the WESM Member's receipt of the Market Operator's decision. It shall be resolved pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3.</u>	<u>9.5.10 Disputes in respect of the Market Operator's disapproval of a request for redeclaration may be raised within six (6) months from the WESM Member's receipt of the Market Operator's decision. It shall be resolved pursuant to the dispute resolution procedure set out in the WESM Rules Clause 7.3.</u>	To provide recourse for participants in case of disputes in line with existing dispute resolution process
		(new)	<u>9.5.12 Re-declarations approved after the 28th day of the calendar month shall not be included in the computation of the preliminary</u>	<u>9.5.11 Re-declarations under Clause 9.5.7 or submissions of corrected bilateral contract quantities under Clause 9.5.8 made on or before the</u>	To institutionalize that the re-declarations after the 28 th day shall not be included in the

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Title	Clause	Original Provision	FOR REFERENCE ONLY Proposed Amendment (RCC Resolution 2023-09)	Proposed Amendment	Rationale
			<p><u>settlement statement and instead shall be included in the final settlement statements for that billing month.</u></p> <p><u>Necessary adjustments in erroneous re-declarations reflected in the preliminary statement shall be allowed, provided that it is made before the preparation of the final settlement statement.</u></p>	<p><u>28th day of the relevant billing month shall be included in the computation of the preliminary settlement statements for the said month, otherwise, the same shall be included in the final settlement statements for the relevant billing month.</u></p>	<p>preliminary settlement statement but if there were adjustments in the preliminary settlement statement, this shall be allowed provided that it is made before the preparation of final settlement statement.</p>
		(new)	<p><u>9.5.13 The Market Operator shall issue advisories on the mode of submissions of the re-declaration and publish the same in the Market Information Website.</u></p>	<p><u>9.5.12 The Market Operator shall issue advisories on the format and mode of submissions of the re-declaration and corrected bilateral contract quantities to the Market Participants through various platforms.</u></p>	<p>To provide specific operational guidelines to Trading Participants</p>



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Annex C – Presentation Material of Proposed to Allow Correction of Re-Declaration of Re-Declared BCQ.

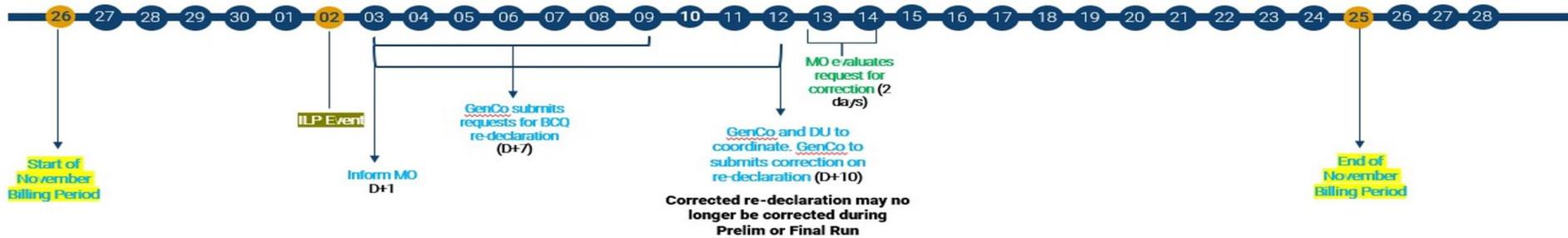
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PROPOSED REVISED TIMELINE DURING 223RD RCC (REGULAR) MEETING

PROPOSE TO ALLOW CORRECTION OF RE-DECLARATION OF RE-DECLARED BCQ WESM BILLING TIMELINE

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SCENARIO
 ILP EVENT BEGINNING OR MIDDLE OF BILLING PERIOD



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Annex D – Presentation Material of Proposed amendments to the Penalty and Enforcement and Compliance Manual.

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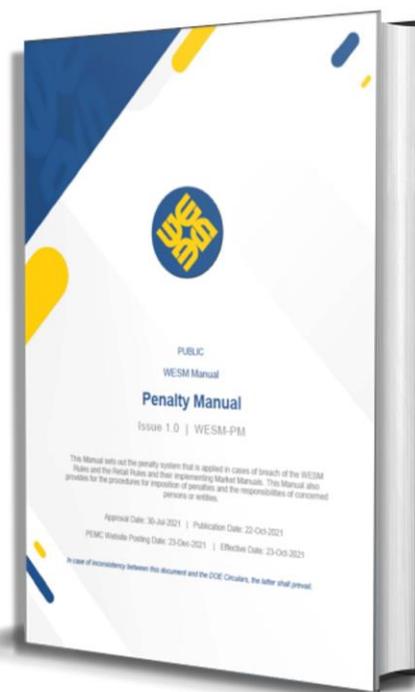


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Proposed Changes:

1. Transfer of responsibility to collect penalty from to MO to WESM Governance Arm
2. Utilization of Penalty
3. Change in Timeline for Implementation of Enforcement Action (Exhaustion of Remedies before Penalty Collection)
4. Transfer of Provisions/Section on RR and Appeal from Penalty to EC Manual
5. Minor and clerical correction



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Annex D – Presentation Material of Proposed amendments to the Penalty and Enforcement and Compliance Manual.

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Summary of the Proposal:

1. Transfer of the provisions on Request for Reconsideration and Appeal proceedings from Penalty Manual to the Enforcement and Compliance Manual
2. Change in the timeline for compliance monitoring and assessment
3. Additional provisions for RFI verification
4. Minor and clerical correction

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**Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual**

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



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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

WESM Rules (As of 15 August 2023)								
Title	Clause	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		by the <i>Enforcement and Compliance Office</i> on the concerned <i>WESM Member</i> through issuance of notice of specified penalty by the <i>PEMC</i> pursuant to Clause 7.2.5.2. Provided, however, that the <i>WESM Member</i> may file a request for reconsideration with the <i>Enforcement and Compliance Office</i> .	penalties shall immediately be imposed by the <i>Enforcement and Compliance Office</i> on the concerned <i>WESM Member</i> pursuant to Clause 7.2.5.2 through issuance of notice of specified penalty by the <i>PEMC President of the WESM Governance Arm</i> ; pursuant to Clause 7.2.5.2. provided, however, that it shall be issued to the said WESM Member may file a request for reconsideration with the <i>Enforcement and Compliance Office</i> . after it has been afforded the adequate opportunity to avail of the enforcement	Manual, <i>i.e.</i> , Enforcement and Compliance Manual)				

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WESM Rules (As of 15 August 2023)								
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			<u>remedies provided by the relevant Market Manual.</u>					
Chapter 7 – ENFORCEMENT AND DISPUTES 7.2 ENFORCEMENT 7.2.4 Enforcement Proceedings	7.2.4.11	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <i>Enforcement and Compliance Office</i> , shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5. Provided, however, that the <i>WESM Member</i> may file a request for	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <i>Enforcement and Compliance Office</i> , <u><i>President of the WESM Governance Arm</i></u> shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5; Provided, however,	<ul style="list-style-type: none"> President of the WESM Governance Arm to issue the NSP after findings of breach by ECO - for consistency with the related provisions on issuance of NSP in the Penalty Manual. Revised to provide basis for the rule on exhaustion of available remedies before a penalty is 				Provisionally approved



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		reconsideration to the PEM Board.	that it shall be issued to the said WESM Member may file a request for reconsideration to the PEM Board, after it has been afforded the adequate opportunity to avail of the enforcement remedies provided by the relevant Market Manual.	issued/implemented. (Remedies such as Request for Reconsideration and Appeal will be included in the implementing Market Manual, <i>i.e.</i> , Enforcement and Compliance Manual)				



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

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



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WESM Rules (As of 15 August 2023)								
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		entities in implementing penalties.	(c) Utilization of penalty collected; and (e) (d) Procedures for and respective obligations of responsible persons or entities in implementing penalties.					

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Please write your general comment here, if any:								
Introduction 1.1. Legal Framework	1.1.3	Pursuant to this legal mandate, WESM Rules Clause 1.6.3 (Chapter 1), provides that the <i>Market Surveillance Committee</i> shall design the <i>penalty</i> levels and appropriate range of <i>penalties</i> that will be applied for <i>breaches</i> of the WESM Rules. This is to be done in consultation with the Rules Change Committee and the PEM Board. The <i>penalty</i> levels and ranges are to be reviewed by the	Pursuant to this legal mandate, WESM Rules Clause 1.6.3 (Chapter 1) 7.2.2.5 , provides that the <i>Market Surveillance Committee</i> shall design review the <i>penalty</i> levels and appropriate range of <i>penalties</i> that will be applied for <i>breaches</i> of the <i>WESM Rules</i> . This is to be done in consultation with the <i>Rules Change Committee</i> , Compliance Committee , and the <i>PEM Board</i> . The <i>penalty</i> levels and ranges are to be reviewed by the <i>Market Surveillance Committee</i> from time to time and as may be necessary. The	<ul style="list-style-type: none"> Updated the rule reference based on the current WESM Rules, as amended. Revised for consistency with Clause 7.2.2.5 of the WESM Rules where MSC reviews the Penalty Manual but DOE approves 	ACEN: Suggest that the review of penalty levels be open for consultation as well with Market Participants.	ACEN: Pursuant to this legal mandate, WESM Rules Clause 1.6.3 (Chapter 1) 7.2.2.5 , provides that the <i>Market Surveillance Committee</i> shall design review the <i>penalty</i> levels and appropriate range of <i>penalties</i> that will be applied for <i>breaches</i> of the <i>WESM Rules</i> . This is to be done in consultation with the <i>Rules Change Committee</i> , Compliance Committee , Market Participants , and the <i>PEM Board</i> . The <i>penalty</i> levels and ranges are to be reviewed by the <i>Market Surveillance Committee</i> from	PEMC to ACEN: Market participants are already represented in the RCC. Suggest retaining the original proposal with correction on reference, <i>i.e.</i> , Section 7.2.5.5 instead of 7.2.2.5 "Pursuant to this legal mandate,	Noted

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		<i>Market Surveillance Committee</i> from time to time and as may be necessary.	<u>amendment to the WESM Penalty Manual shall be approved and promulgated by the Department of Energy.</u>	and promulgates the same. Added Compliance Committee – for consistency with Clause 7.2.2.5 of the WESM Rules		time to time and as may be necessary. <u>The amendment to the WESM Penalty Manual shall be approved and promulgated by the Department of Energy.</u>	WESM Rules Clause 4.6.3 (Chapter 1) <u>7.2.2.5-7.2.5.5,</u> provides that the <i>Market Surveillance Committee</i> shall design <u>review</u> the <i>penalty</i> levels and x x x x"	

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Introduction 1.1. Legal Framework	1.1.5	Meanwhile, the <i>Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market</i> (otherwise known as the Retail Rules) expressly provide in its Clause 1.5.1 that the provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition, the operations of the Central Registration Body and the transactions in the WESM of contestable customers and retail electricity suppliers.	Meanwhile, the <i>Rules for the Integration of Retail Competition in the Wholesale Electricity Spot Market</i> (otherwise known as the <i>Retail Rules</i>) expressly provide in its Clause 1.5.1 that the provisions of Chapter 1 of the <i>WESM Rules</i> shall apply with respect to the governance of the integration of retail competition, the operations of the <i>Central Registration Body</i> and the transactions in the WESM of contestable customers and retail electricity suppliers. Furthermore, Clause 1.7 of the <i>Retail Rules</i> expressly provides that Chapter 7 of the <i>WESM Rules</i> shall apply	Typo correction				Noted

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WESM Manual on Penalty, Issue 2.0								
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		Furthermore, Clause 1.7 of the Retail Rules expressly provide that Chapter 7 of the WESM Rules shall apply in respect to the enforcement of the Retail Rules.	in respect to the enforcement of the <i>Retail Rules</i> .					

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
1.2. Purpose and Scope	1.2.2	This Manual sets out the following – a) Provisions of the WESM Rules, the Retail Rules and their implementing <i>Market Manuals</i> (collectively referred to as <i>Market Rules</i>) which, if not complied with, will constitute a <i>breach</i> and correspondingly, the types of <i>breach</i> that are subject to <i>penalties</i> under this Manual; b) Categories and levels of <i>penalties</i> that will be applied for each type of	This Manual sets out the following – a) Provisions of the WESM Rules, the Retail Rules and their implementing <i>Market Manuals</i> (collectively referred to as <i>Market Rules</i>) which, if not complied with, will constitute a <i>breach</i> and correspondingly, the types of <i>breach</i> that are subject to <i>penalties</i> under this Manual; b) Categories and levels of <i>penalties</i> that will be applied for each type of <i>breach</i> , and qualifying circumstances that will be considered in determining the	<ul style="list-style-type: none"> Revised to remove from the scope the remedies of trading participants (item c, 2nd phrase) <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to <i>Enforcement and</i></p>	<p>ACEN:</p> <p>Please correct the typo error in Rationale about WESM penalty manual</p>	<p>ACEN:</p> <p>- xxx</p> <p>The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.</p> <p>xxx</p>	<p>PEMC to ACEN:</p> <p>Noted.</p>	Noted

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WESM Manual on Penalty, Issue 2.0								
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		<p><i>breach</i>, and qualifying circumstances that will be considered in determining the <i>penalty</i> that will apply in case of <i>breach</i>;</p> <p>c) Procedures for and respective obligations of responsible persons or entities in implementing <i>penalties</i> imposed under this Manual and remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>; and</p>	<p><i>penalty</i> that will apply in case of <i>breach</i>;</p> <p>c) Procedures for and respective obligations of responsible persons or entities in implementing <i>penalties</i> imposed under this Manual and remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>; and</p> <p>d) <u>Procedures and conditions for the utilization of the financial penalties collected for breach of the Market Rules.</u></p>	<p><i>Compliance Manual</i> as they form part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty</p>				

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
				amounts, penalty level, implementation, and utilization thereof. • Added to the scope – the procedures and conditions for utilization of penalty.				

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
1.2. Purpose and Scope	1.2.3	This Manual, including the penalty system, applies to and is binding to all <i>WESM Members</i> in all grids where the WESM is in operation. By having registered in the WESM, a <i>WESM Member</i> is bound to comply with the <i>Market Rules</i> .	This Manual, including the penalty system, applies to and is binding to on all <i>WESM Members</i> in all grids where the WESM is in operation. By having registered in the WESM, a <i>WESM Member</i> is bound to comply with the <i>Market Rules</i> .	Minor - typo correction				Noted
1.2. Purpose and Scope	1.2.4	This Manual covers only the <i>penalty</i> system, the manner of assessment and implementation of <i>penalties</i> , the remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i> , and the utilization of the	This Manual covers only the <i>penalty</i> system, the manner of assessment and implementation of <i>penalties</i>, the remedies available to the <i>WESM Members</i> in case there is a finding of <i>breach</i>, and the utilization of the <i>financial penalties</i> collected for <i>breach</i> of the	<ul style="list-style-type: none"> Removed redundant provisions (1st sentence covered in Section 1.2.2 above) For clarity - Retained 2nd 				Noted

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		financial penalties collected for breach of the <i>Market Rules</i> . The rules, guidelines and procedures pertaining to enforcement of the <i>Market Rules</i> , and investigations of breaches are not covered by this Manual.	<i>Market Rules</i> . The rules, guidelines and procedures pertaining to enforcement of the <i>Market Rules</i> , compliance monitoring and investigations of <i>breaches</i> , and the remedies that are available to the concerned WESM Members are not covered by this Manual.	<p>sentence to provide exclusion from scope of Penalty Manual.</p> <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to <i>Enforcement and Compliance Manual</i> as they form</p>				



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				part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).				
Section 3 – Responsibilities	3.1	Philippine Electricity Market Corporation The PEMC shall oversee the administration and implementation of this Manual. This responsibility is subject only to the	Philippine Electricity Market Corporation WESM Governance Arm The WESM Governance Arm shall oversee the administration and implementation of this Manual. This responsibility is subject only to the limitations set out in this Manual.	For consistency with the terminology used in the Market Rules and Market Manuals.				Noted



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		limitations set out in this Manual.						
Section 3 – Responsibilities	3.2	PEMC PRESIDENT The <i>PEMC President</i> shall sign all notices pertaining to penalties that are required to be issued under this Manual and shall exercise this authority on behalf of the <i>PEM Board</i> , except those notices that are authorized to be	<u>PEMC PRESIDENT OF THE WESM GOVERNANCE ARM</u> The PEMC President of the <u>WESM Governance Arm</u> shall sign all notices pertaining to penalties that are required to be issued under this Manual and shall exercise this authority on behalf of the <i>PEM Board</i> , except those notices that are authorized	<ul style="list-style-type: none"> For consistency with the terminology used in the Market Rules and Market Manuals. Generic reference to certain provisions 				Noted

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WESM Manual on Penalty, Issue 2.0								
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		issued by the <i>Market Operator</i> under Section 4.8.4 of this Manual.	to be issued by the <i>Market Operator</i> under Section 4.8.4 <u>the relevant provisions of this Manual.</u>	instead specific section – Provisions relating to the other notices that may be issued by MO are scattered throughout the Manual.				
Section 3 – Responsibilities	3.3	Market Surveillance Committee The <i>Market Surveillance Committee</i> shall annually review the levels and range of <i>penalties</i> as set out in this Manual. From time to time and as	Market Surveillance Committee The <i>Market Surveillance Committee</i> shall annually review the levels and range of <i>penalties</i> as set out in this Manual. From time to time and as may be necessary, the <i>Market Surveillance Committee</i>	Added Compliance Committee – for consistency with Clause 7.2.5.5 of the WESM Rules				Noted

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		may be necessary, the <i>Market Surveillance Committee</i> shall submit to the <i>Department of Energy</i> its proposed amendments thereto, in consultation with the <i>WESM Members, Rules Change Committee</i> and the <i>PEM Board</i> .	shall submit to the <i>Department of Energy</i> its proposed amendments thereto, in consultation with the <i>WESM Members, Rules Change Committee, <u>Compliance Committee</u></i> , and the <i>PEM Board</i> .					
Section 3 – Responsibilities	3.5	Enforcement and Compliance Office The <i>Enforcement and Compliance Office</i> shall – 3.5.1 Monitor the compliance of <i>WESM Members</i> and, based on the result of its own monitoring and	Enforcement and Compliance Office The <i>Enforcement and Compliance Office</i> shall – 3.5.1 Monitor the compliance of <i>WESM Members</i> and, based on the result of its own monitoring and assessment, impose the	For consistency with the terminology used in the <i>Market Rules and Market Manuals</i> .				Noted

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		assessment, impose the specified penalties therefor in accordance with the <i>Market Rules</i> and the <i>WESM Penalty Manual</i> , and issue a resolution on a request for reconsideration if any is filed by any <i>WESM Member</i> . The <i>Notice of Specified Penalty</i> to be issued for this purpose shall be signed by the <i>PEMC President</i> in accordance with Section 3.2 of this Manual. x x x	specified penalties therefor in accordance with the <i>Market Rules</i> and the <i>WESM Penalty Manual</i> , and issue a resolution on a request for reconsideration if any is filed by any <i>WESM Member</i> . The <i>Notice of Specified Penalty</i> to be issued for this purpose shall be signed by the PEMC – <i>President of the WESM Governance Arm</i> in accordance with Section 3.2 of this Manual. x x x					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 3 – Responsibilities	3.6	The <i>Market Operator</i> shall implement the <i>Notice of Specified Penalties</i> served on it and the distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of this Manual, and shall carry out any other action required of it under any notice that is issued and served pursuant to this Manual.	The <i>Market Operator</i> shall implement the <i>Notice of Specified Penalties</i> served on it and the distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of this Manual, and shall carry out any other action required of it under any notice that is issued and served pursuant to this Manual. The <i>Market Operator</i> shall, as far as practicable, faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.	<ul style="list-style-type: none"> Collection of penalty is proposed to be transferred to WESM Governance Arm. With respect to other measures that needs to be implemented by the Market Operator – the same may be covered in this provision (e.g., 				Noted

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				implementat ion of suspension or deregistratio n, etc.) • “as far as practicable” - to add this qualification in anticipation of actions or measures that may be hindered by system or manpower constraints if it involves those beyond suspension					

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				or deregistration (from IEMOP's comments).				
Section 3 – Responsibilities	3.7	The <i>System Operator</i> shall faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.	The <i>System Operator</i> shall, as far as practicable , faithfully and timely implement any action or measure required of it under any notice that is issued and served pursuant to this Manual.	Same comment as above.				Noted
Section 3 – Responsibilities 3.9 WESM Members	No subsection	A <i>WESM Member</i> that is served a notice, resolution or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including	3.9.1 A <i>WESM Member</i> that is served a notice, resolution or decision pursuant to this Manual shall faithfully and timely comply with the requirements or directives thereunder, including but not limited to the payment of <i>financial penalties</i> ,	<ul style="list-style-type: none"> Added subsection 3.9.1 because a new provision will also be added as Section 3.9.2 				Noted

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**Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual**

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		but not limited to the payment of <i>financial penalties</i> , taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional <i>penalties</i> pursuant to Section 4.1.2.2 and Section 5 of this Manual.	taking of remedial actions or measures and compliance with other directives. Failure to comply with such requirements or directives shall be subject to additional <i>penalties</i> pursuant to Section 4.1.2.2, Section 4.14 , and Section 5 of this Manual.	<ul style="list-style-type: none"> Updated the reference (due to renumbering) 				

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	3.9.2 (new)	Related provision (transferred here) - 4.13.4 A Notice of Specified Penalty/ies or any related notices shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records of the Market Operator. WESM Members have the obligation to ensure that the information	3.9.2 4.13.4 A Notice of Specified Penalty/ies or any related notices shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records of the Market Operator. WESM Members have the obligation to shall ensure that the information on the contact persons provided to the Enforcement and Compliance Office and to the Market Operator is updated at all times.	Added Section 3.9.2 as WESM Member Responsibility (transferred from 2 nd sentence of Section 4.13.4)				Noted

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		on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.						
Section 4 – Penalty System 4.1.1. – Enforcement Proceedings	4.1.1.3	Investigation of the Market Operator and the System Operator. The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> for probable breach of the <i>Market Rules</i> shall be in accordance with the relevant provisions of	Investigation of the Market Operator and the System Operator. The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> for probable breach of the <i>Market Rules</i> shall be in accordance with <u>Section 7.2.3 of the WESM Rules</u> and the relevant provisions of the	Added reference to the provisions of the WESM Rules re: investigation of MO or SO.				Noted

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		the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> .	<i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> .					
Section 4 – Penalty System	4.1.2	Imposition of Penalties by the Enforcement and Compliance Office. The <i>Enforcement and Compliance Office</i> shall advise the <i>PEMC President</i> and the <i>Compliance Committee</i> of the specified <i>penalty</i> to be imposed upon the	Imposition of Penalties by the Enforcement and Compliance Office. The <i>Enforcement and Compliance Office</i> shall advise the <i>PEMC President</i> of the <i>WESM Governance Arm</i> and the <i>Compliance Committee</i> of the specified <i>penalty</i> to be imposed upon the WESM Member concerned based	For consistency with the terminology used in the Market Rules and Market Manuals.				Noted

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		WESM Member concerned based on the results of the compliance monitoring and assessment conducted by the <i>Enforcement and Compliance Office</i> in accordance with Clause 7.2 of the WESM Rules and the WESM Enforcement and Compliance Manual. The PEM Board, the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> shall be provided with the monthly status or summary report of the compliance	on the results of the compliance monitoring and assessment conducted by the <i>Enforcement and Compliance Office</i> in accordance with Clause 7.2 of the <i>WESM Rules</i> and the WESM Enforcement and Compliance Manual. The PEM Board, the <i>Energy Regulatory Commission</i> and the <i>Department of Energy</i> shall be provided with the monthly status or summary report of the compliance monitoring and assessment activities of the <i>Enforcement and Compliance Office</i> .					

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		monitoring and assessment activities of the <i>Enforcement and Compliance Office</i> .						
Section 4 – Penalty System	4.1.4	Imposition of Penalties on the Market Operator and the System Operator. The penalty for breach of the <i>Market Rules</i> by the <i>Market Operator</i> or the <i>System Operator</i> shall be determined and imposed by the Energy Regulatory Commission upon finding of breach of the <i>Market Rules</i> initiated through complaints or reports by the PEM Board in	Imposition of Penalties on the Market Operator and the System Operator. The penalty for breach of the <i>Market Rules</i> by the <i>Market Operator</i> or the <i>System Operator</i> shall be determined and imposed by the <i>Energy Regulatory Commission</i> upon finding of breach of the <i>Market Rules</i> initiated through complaints or reports by the PEM Board in accordance with <u>Section 7.2.3 of the WESM Rules</u> . Section 4.1.1.3 of this Manual and pertinent	Added reference to the provisions of the WESM Rules re: investigation of MO or SO.				Noted

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		accordance with Section 4.1.1.3 of this Manual and pertinent provisions of the <i>Enforcement and Compliance Manual</i> .	provisions of the <i>Enforcement and Compliance Manual</i> .					
Section 4 – Penalty System 4.3 Description of Penalty Levels	4.3.1	The WESM <i>penalty</i> system consists of three (3) <i>penalty</i> levels. The <i>penalty</i> level to be imposed will depend on the nature of the <i>breach</i> and the circumstances surrounding the <i>breach</i> . The specific <i>penalty</i> levels to be imposed for each type of <i>breach</i> are	The WESM <i>penalty</i> system consists of three (3) <i>penalty</i> levels <u>unless a relevant rule or Market Manual prescribes a different penalty level.</u> The <i>penalty</i> level to be imposed will depend on the nature of the <i>breach</i> and the circumstances surrounding the <i>breach</i> . The specific <i>penalty</i> levels to be imposed for each type of <i>breach</i> are	Added a non-restrictive clause as would allow other practicable penalty level/design (e.g., different penalty level for reserve market compliance)				Noted

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		provided for in the Schedule of Breach and Penalties of this Manual.	provided for in the Schedule of Breach and Penalties of this Manual.					
Section 4 – Penalty System	4.7 – Level 1 Reprimand	<p>Level 1 - Reprimand</p> <p>If a <i>reprimand</i> is meted out, a <i>Notice of Reprimand</i> containing the reprimand is issued and shall further state the following –</p> <p>a) Name of the <i>WESM Member</i> subject of the reprimand;</p> <p>b) The name of the registered facility, if applicable, associated with the <i>breach</i>;</p> <p>c) The <i>breach</i> committed and</p>	<p>Level 1 - Reprimand</p> <p><u>4.7.1</u> If a <i>reprimand</i> is meted out, a <i>Notice of Specified Penalty and a Letter of Reprimand shall be issued.</i> containing the reprimand is issued and shall further state <i>The Notice of Specified Penalty shall state</i> the following –</p> <p>a) Name of the <i>WESM Member</i> subject of the reprimand;</p> <p>b) The name of the registered facility, if applicable, associated with the <i>breach</i>;</p>	For clarity. To distinguish the two forms: Notice of Specified Penalty and Letter of Reprimand. NSP – notice that the breach committed is subject to a specific penalty (e.g. reprimand, financial penalty or suspension) Letter of Reprimand / Financial Penalty /				<p>Noted</p> <p>CCC: NSP is also used to mean Network Service Provider</p> <p><u>TO DO: For checking if NSP is used in this document.</u></p> <p>Suggestions:</p> <p>Chair: Consider using</p>

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		<p>pertinent rules that were breached;</p> <p>d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; and</p> <p>e) Remedial measures required of the <i>WESM Member</i>, if any, and the manner of compliance.</p>	<p>c) The <i>breach</i> committed and pertinent rules that were <i>breached</i>;</p> <p>d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; and</p> <p>e) Remedial measures required of the <i>WESM Member</i>, if any, and the manner of compliance.</p> <p><u>4.7.2 A Letter of Reprimand or Non-Compliance Letter shall be signed by President of the WESM Governance Arm and shall contain a statement or enjoining the WESM Members from doing similar act or omission that</u></p>	Suspension – is the penalty itself.				<p>“NOSP” for Notice of Specified Penalty.</p> <p>RAPA: Do not abbreviate na lang Notice of Specified Penalty to NSP</p>

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			<u>constituted the breach and informing them of the consequence/s in case a breach of the same type and nature is committed.</u>					
Section 4 – Penalty System	4.8. Level 2 - Financial Penalties	4.8.2 A <i>Notice of Financial Penalty</i> shall be issued to the <i>WESM Member</i> specifying the following – a) Name of the <i>WESM Member</i> ; b) The name of the registered facility to which the <i>breach</i> pertains, if applicable; c) The <i>breach</i> committed and pertinent rules that were <i>breached</i> ;	A <i>Notice of Financial Specified Penalty</i> shall be issued to the <i>WESM Member</i> specifying the following – a) Name of the <i>WESM Member</i> ; b) The name of the registered facility to which the <i>breach</i> pertains, if applicable; c) The <i>breach</i> committed and pertinent rules that were <i>breached</i> ; d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred;	<ul style="list-style-type: none"> Revised to use a common terminology, <i>i.e.</i>, Notice of Specified Penalty, as defined in the Glossary. For clarity. Notice of Specified Penalty and Letter of Reprimand are two (2) 				Noted

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		<p>d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred;</p> <p>e) The amount of <i>financial penalty</i> imposed for each count of <i>breach</i>; and</p> <p>f) Remedial measures required of the <i>WESM Member</i>, if any, and the manner of monitoring compliance.</p>	<p>e) The amount of <i>financial penalty</i> imposed for each count of <i>breach</i>; and</p> <p>f) Remedial measures required of the <i>WESM Member</i>, if any, and the manner of monitoring compliance.</p>	<p>different forms.</p> <p>NSP – notice that the breach committed is subject to a specific penalty (e.g. reprimand, financial penalty or suspension)</p> <ul style="list-style-type: none"> Letter of Reprimand or NCL / Financial Penalty / Suspension – penalty itself. 				

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Section 4 – Penalty System 4.8. Level 2 - Financial Penalties	4.8.3	4.8.3. A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i> . Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing	4.8.3. A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i>. Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i>.	<ul style="list-style-type: none"> Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> (PEMC to collect instead of IEMOP) Renumbered as Sections 4.13.3 and 4.13.4 				Noted

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		from the <i>Market Operator</i> .						

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Section 4 – Penalty System 4.8. Level 2 - Financial Penalties	4.8.4	4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.	4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.	<ul style="list-style-type: none"> Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> (PEMC to notify the WESM Member of the consequence of non-payment) Renumbered as Sections 4.13.5 				Noted

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Section 4 – Penalty System 4.8. Level 2 - Financial Penalties	4.8.5	4.8.5 The amount shall be paid through issuance of a check payable to the <i>Market Operator</i> . However, collection from settlement amounts through offsetting or debit arrangements may be done as follows: a) If the concerned <i>WESM Member</i> authorizes the <i>Market Operator</i> to collect the penalty amounts from the settlement amounts for the billing period during which the notice was issued; and	4.8.5 The amount shall be paid through issuance of a check payable to the <i>Market Operator</i>. However, collection from settlement amounts through offsetting or debit arrangements may be done as follows: a) If the concerned <i>WESM Member</i> authorizes the <i>Market Operator</i> to collect the penalty amounts from the settlement amounts for the billing period during which the notice was issued; and b) If the concerned <i>WESM Member</i> fails to pay the penalty amounts within the specified due date, despite the finality of the decision and receipt	<ul style="list-style-type: none"> Transferred to Section 4.13 (Service of Notice of Specified Penalty) <u>with modification</u> (direct payment to PEMC; no more offsetting against trading receivables) Renumbered as Sections 4.13.6 				Noted

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



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		<p>period computed as follows:</p> <p>(i) The penalty amounts shall be deducted from the settlement amounts after deductions from the same of the tax payments, interest payments, and market fees. The <i>Market Operator</i> shall ensure that the penalty amount is properly labelled as such in the</p>	<p>shall ensure that the penalty amount is properly labelled as such in the billing statement or equivalent as would distinguish it from other items or deductions that may be charged against the settlement amount.</p> <p>(ii) If the collection of penalty cannot be made in full due to inadequacy of the settlement amount from which the penalty amounts will be deducted, the <i>Market Operator</i> shall issue a notice or demand to pay the deficiency to the concerned WESM Member.</p>					



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		billing statement or equivalent as would distinguish it from other items or deductions that may be charged against the settlement amount. (ii) If the collection of penalty cannot be made in full due to inadequacy of the settlement amount from which the penalty amounts will be deducted, the <i>Market Operator</i> shall issue a notice or demand to pay the						

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		deficiency to the concerned <i>WESM Member</i> .						
Section 4 – Penalty System 4.8. Level 2 - Financial Penalties	4.8.6	4.8.6 The <i>Market Operator</i> shall notify the <i>PEMC President</i> of the status of the penalty collection indicating the amount collected, <i>penalty</i> interest imposed and the reason for non-payment by the concerned <i>WESM Member</i> as applicable on a monthly basis.	4.8.6 The <i>Market Operator</i> shall notify the <i>PEMC President</i> of the status of the penalty collection indicating the amount collected, <i>penalty</i> interest imposed and the reason for non-payment by the concerned <i>WESM Member</i> as applicable on a monthly basis.	<ul style="list-style-type: none"> Transferred to Section 4.15 (Submission of Reports) <u>with modification</u> Renumbered as Section 4.15 				Noted

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Section 4 – Penalty System 4.8. Level 2 - Financial Penalties	4.8.7	4.8.7 Penalty interest shall be reckoned from the date the <i>penalty</i> becomes due up to the time the same is actually settled.	4.8.7 Penalty interest shall be reckoned from the date the <i>penalty</i> becomes due up to the time the same is actually settled.	<ul style="list-style-type: none"> Transferred to Section 4.13 (Service of Notice of Specified Penalty) <u>with modification</u> (provision is merged with Section 4.8.4 [on non-payment of penalties]) Renumbered as Sections 4.13.5 				Noted

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System 4.9. Level 3 - Escalated Financial Penalties	4.9.2	4.9.2 A <i>Notice of Escalated Financial Penalties</i> is issued on the <i>WESM Member</i> stating the following – a) The name of the <i>WESM Member</i> ; b) The name of the registered facility for which the <i>breach</i> was found; c) The <i>breach</i> committed, specifying the rules that were <i>breached</i> ; d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The reason/s for imposition of escalated <i>financial penalty</i> , particularly the occurrence of the	4.9.2 A <i>Notice of Escalated Financial Specified Penalties with escalated financial penalty</i> is issued on the <i>WESM Member</i> stating the following – a) The name of the <i>WESM Member</i> ; b) The name of the registered facility for which the <i>breach</i> was found; c) The <i>breach</i> committed, specifying the rules that were <i>breached</i> ; d) The relevant date/s and dispatch interval/s that the <i>breach</i> occurred; e) The reason/s for imposition of escalated <i>financial penalty</i> , particularly the occurrence of the qualifying	Revised to use a common terminology, <i>i.e.</i> , Notice of Specified Penalty, as defined in Glossary.				Noted

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		qualifying circumstance that warranted application of the escalated <i>financial penalty</i> ; f) The amount of <i>financial penalty</i> ; and g) Remedial measures, if any, required of the <i>WESM Member</i> and manner of monitoring compliance.	circumstance that warranted application of the escalated <i>financial penalty</i> ; f) The amount of <i>financial penalty</i> ; and g) Remedial measures, if any, required of the <i>WESM Member</i> and manner of monitoring compliance.					
Section 4 – Penalty System	4.9 Level 3 – Escalated Financial Penalties	4.9.3. A copy of the notice will also be served on the <i>Market Operator</i> and shall serve as its authority to collect the amount due. Failure to pay the <i>financial penalty</i> amount on due date will result in imposition of <i>penalty</i>	4.9.3. A copy of the notice will also be served on the <i>Market Operator</i> and shall serve as its authority to collect the amount due. Failure to pay the <i>financial penalty</i> amount on due date will result in imposition of <i>penalty</i> interest until fully paid. The <i>Market Operator</i> shall	<ul style="list-style-type: none"> Transferred to Section 4.13 (Service of Notice of Specified Penalty) with <u>modification</u> 				Noted

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		interest until fully paid. The <i>Market Operator</i> shall cause the billing and collection of the <i>penalty</i> amount, and shall notify the <i>PEMC President</i> of the status of collection in the same manner as required for Level 2 Financial Penalty under Sections 4.8.3, 4.8.4, and 4.8.5 of this Manual with a copy thereof furnished to the <i>Enforcement and Compliance Office</i> .	cause the billing and collection of the <i>penalty</i> amount, and shall notify the <i>PEMC President</i> of the status of collection in the same manner as required for Level 2 Financial Penalty under Sections 4.8.3, 4.8.4, and 4.8.5 of this Manual with a copy thereof furnished to the <i>Enforcement and Compliance Office</i>.	<ul style="list-style-type: none"> Covered by the provisions of Section 4.13.1 to 4.13.9, as renumbered . 				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System	4.12 – Request for Reconsideration and Appeal Proceedings	<p>4.12.1 Under the Compliance Monitoring and Assessment Proceedings</p> <p>4.12.1.1. <i>Period and Ground for Filing a Request for Reconsideration.</i> x x x</p> <p>4.12.1.2. <i>Form and Contents of the Request for Reconsideration and Notice thereof.</i> x x x</p> <p>4.12.1.3. <i>Resolution on the Request for Reconsideration.</i> x x x</p>	<p>4.12.1 Under the Compliance Monitoring and Assessment Proceedings</p> <p>4.12.1.1. Period and Ground for Filing a Request for Reconsideration. x x x</p> <p>4.12.1.2. Form and Contents of the Request for Reconsideration and Notice thereof. x x x</p> <p>4.12.1.3. Resolution on the Request for Reconsideration. x x x</p>	<ul style="list-style-type: none"> All provisions under Section 4.12 relating to remedies (RR and Appeal) are proposed to be deleted in the WESM Penalty Manual. The remedies available to the WESM Members like Request for Reconsideration and 	<p>ACEN:</p> <p>Typo error of WESM</p>	<p>ACEN:</p> <p>The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.</p>	<p>PEMC to ACEN:</p> <p>Noted.</p>	Noted

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		4.12.1.4. <i>Appeal to the Compliance Committee and Period of Appeal.</i> x x x 4.12.1.5. <i>Ground for Appeal.</i> x x x 4.12.1.6. <i>Form and Contents of the Appeal.</i> x x x 4.12.1.7. <i>Decision on the Appealed Case</i> x x x 4.12.2 Under Investigation Proceedings 4.12.2.1 <i>Ground for Filing a Request for Reconsideration.</i> x x x	4.12.1.4. Appeal to the Compliance Committee and Period of Appeal. x x x 4.12.1.5. Ground for Appeal. x x x 4.12.1.6. Form and Contents of the Appeal. x x x 4.12.1.7. Decision on the Appealed Case x x x 4.12.2 Under Investigation Proceedings 4.12.2.1 Ground for Filing a Request for Reconsideration. x x x 4.12.2.2 Form and Contents.	Appeal are proposed to be transferred to Enforcement and Compliance Manual as they form part of the enforcement proceedings (i.e., monitoring and investigation > results > request for reconsideration > appeal).				

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		4.12.2.2 <i>Form and Contents.</i> x x x 4.12.2.3 <i>Reconsideration Proceedings.</i> x x x 4.12.2.4 <i>Resolution on the Request for Reconsideration.</i> x x x 4.12.2.5 <i>Effect of PEM Board Decision.</i> x x x	 x x x 4.12.2.3 <i>Reconsideration Proceedings.</i> x x x 4.12.2.4 <i>Resolution on the Request for Reconsideration.</i> x x x 4.12.2.5 <i>Effect of PEM Board Decision.</i> x x x (new) <u>4.12.1 The filing of any request for reconsideration of compliance monitoring and investigation results or reports and appeal of the resolution on request for reconsideration shall be governed by the</u>	The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof. • Replaced it with a provision that would simply make reference to the Enforcement				

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			<u>relevant provisions of the WESM Enforcement and Compliance Manual.</u>	t and Compliance Manual regarding remedies.				
Section 4 – Penalty System 4.13 – Service of Notice of Specified Penalties	4.13.1	A Notice of Specified Penalty/ies required to be issued in accordance with this Manual shall be issued and signed by the PEMC President in accordance with Section 3.2 of this Manual, and served on the concerned WESM Member upon the issuance of the compliance monitoring and assessment report or	4.13.4 4.13.1 A Notice of Specified Penalty/ies or any related notices and the Letter of Reprimand shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records	<ul style="list-style-type: none"> Removed redundant provision (NSP to be signed by PEMC President – mentioned twice already in the Manual) Replaced it with the provision as to whom 				Noted



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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<p>investigation report by the Enforcement and Compliance Office. The said Notice shall become executory upon issuance thereof.</p> <p>Related provision (to be transferred here) –</p> <p>4.13.4 A Notice of Specified Penalty/ies or any related notices shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or</p>	<p>of the Market Operator WESM Governance Arm. WESM Members have the obligation to ensure that the information on the contact persons provided to the Enforcement and Compliance Office and to the Market Operator is updated at all times.</p>	<p>the NSP/Letter of Reprimand/ other notices shall be served (previously Section 4.13.4) with modification .</p> <ul style="list-style-type: none"> Last sentence is transferred to Section on Responsibilities of the WESM Member under 				

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		chief executive officer of the <i>WESM Member</i> as appearing in the records of the <i>Market Operator</i> . <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.		<p>Section 3.9 of the <i>WESM Penalty Manual</i>.</p> <p>For coherence, the provisions under Section 4.13 shall be arranged as follows:</p> <ul style="list-style-type: none"> ○ 4.13.1 – Upon whom the NSP is served. ○ 4.13.2 – When NSP is served. ○ 4.13.3 – Who shall implement NSP 				



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				<ul style="list-style-type: none"> 4.13.4 - When shall penalty be paid. 				
	4.13.2	<p>If a Request for Reconsideration or Appeal is filed, and resolution is made thereon, a separate Notice of Specified Penalty or revocation of said Notice, as the case may be, shall be issued by the Enforcement and Compliance Office or the Compliance Committee, as</p>	<p>(new) <u>4.13.2 A Notice of Specified Penalty and the Letter of Reprimand shall be issued within five (5) business days from the date that the compliance monitoring and assessment report or the decision on investigation case becomes final and executory, as determined under the relevant</u></p>	<ul style="list-style-type: none"> Removed provisions relating to remedies, as discussed above. Replaced it with a provision as to when an NSP should be issued 				Noted

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		<p>applicable, which either confirms the <i>Notice of Specified Penalty</i> previously issued or revokes the said notice in whole or in part. Similarly, the subsequent notices as a result of the reconsideration or appeal process shall become executory upon issuance thereof and shall supersede all other notices which may have been previously issued. In all cases, the <i>Notice of Specified Penalty</i> or revocation thereof shall be accompanied by:</p>	<p><u>provisions of the Enforcement and Compliance Manual. If applicable, the Notice of Specified Penalty and the Letter of Reprimand shall be issued simultaneously.</u></p>	<p>(new provision)</p> <ul style="list-style-type: none"> • NSP and Letter of Reprimand (if applicable) shall be issued simultaneously. • The provision as to when a result, report, or decision becomes "final and executory" (as reckoning 				

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		<p>4.13.2.1. A copy of the compliance monitoring and assessment report; or</p> <p>4.13.2.2. A copy of resolution on the request for reconsideration or decision on the Appeal, as the case may be.</p>		<p>period for issuance of NSP) shall be included in the Remedies under the EC Manual.</p> <ul style="list-style-type: none"> For cross-reference (as proposed in EC Manual, Sec. 9.5.3): "9.5.3 The finding, resolution, or decision relating to compliance monitoring or investigation case 				



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				becomes final and executory – a. Upon the lapse of the period to file the <i>Request for Reconsideration</i> and no <i>Request for Reconsideration</i> is perfected. b. Upon issuance of the resolution on				



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				Request for Reconsideration by the Enforcement and Compliance Office relative to a case emanating from compliance monitoring and assessment activity, and no Appeal is perfected ;				



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				c. Upon issuance of the resolution on <i>Appeal</i> by the <i>Compliance Committee</i> relative to a case emanating from compliance monitoring and assessment activity. d. Upon issuance of the				

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				resolution on the Request for Reconsideration by the PEM Board relative to a case emanating from request for investigation or report of probable breach filed by any WESM Member,				

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				the <i>Market Operator</i> , or the <i>System Operator</i> .				
Section 4 – Penalty System 4.13 – Service of Notice of Specified Penalties	4.13.3	This remedy of Request for Reconsideration or Appeal, notwithstanding, shall not stay the execution adverted to in Section 4.13.1 above. Related provision (to be transferred here) – 4.8.3. A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority	This remedy of Request for Reconsideration or Appeal, notwithstanding, shall not stay the execution adverted to in Section 4.13.1 above. 4.8.3. 4.13.3 A copy of the notice shall also be served on the Market Operator <u>Notice of Specified Penalty with financial penalty</u> shall also be served on the Market Operator <u>the finance unit of the WESM Governance Arm</u> and shall serve as the authority of the latter to collect the assessed	<ul style="list-style-type: none"> Removed provisions relating to remedies, as discussed above. The provision on “exhaustion or remedies” before the NSP is issued/implemented shall be included in 				Noted

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		of the latter to collect the assessed <i>financial penalties</i> . Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i> .	<i>financial penalties</i> . Upon receipt of a copy of the notice, the Market Operator it shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) Business Days from receipt of the billing from the Market Operator.	<p>the Remedies under the EC Manual.</p> <ul style="list-style-type: none"> Replaced with Section on who shall implement NSP and collect penalty (originally placed under Section 4.8.3, 1st sentence). Modified – PEMC (instead of IEMOP) to 				

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				collect penalty. <ul style="list-style-type: none"> • Last sentence removed and transferred to Section 4.13.4 For coherence, the provisions under Section 4.13 shall be arranged as follows: <ul style="list-style-type: none"> ○ 4.13.1 – Upon whom the NSP is served. ○ 4.13.2 – When NSP is served. 				

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				<ul style="list-style-type: none"> o 4.13.3 – Who shall implement NSP o 4.13.4 - When shall penalty be paid. 				
Section 4 – Penalty System 4.13 – Service of Notice of Specified Penalties	4.13.4	A Notice of Specified Penalty/ies or any related notices shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer	A Notice of Specified Penalty/ies or any related notices shall be served on the WESM Member through its WESM Compliance Officer as appearing in the records of the Enforcement and Compliance Office, or if none is designated, to the president or chief executive officer of the WESM Member as appearing in the records	<ul style="list-style-type: none"> • Transferred to Section 4.13.1 with modification . • Replaced with Section as to when the WESM Member shall pay the penalty (originally 				Noted



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		<p>of the <i>WESM Member</i> as appearing in the records of the <i>Market Operator</i>. <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.</p> <p>Related provision –</p> <p>4.8.3 A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect</p>	<p>of the <i>Market Operator</i>. <i>WESM Members</i> have the obligation to ensure that the information on the contact persons provided to the <i>Enforcement and Compliance Office</i> and to the <i>Market Operator</i> is updated at all times.</p> <p>4.8.3 4.13.4 4.8.3 A copy of the notice shall also be served on the <i>Market Operator</i> and shall serve as the authority of the latter to collect the assessed <i>financial penalties</i>. Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from</p>	<p>placed under Section 4.8.3, 2nd sentence). Modified – from 12 to 15 business days – to allow more time for approval and processing of payment.</p> <ul style="list-style-type: none"> For coherence, the provisions under Section 4.13 shall be 				



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		the assessed <i>financial penalties</i> . Upon receipt of a copy of the notice, the <i>Market Operator</i> shall cause the billing and collection of the amount due within three (3) <i>Business Days</i> from receipt of the notice. The concerned WESM Member shall pay the penalty amount within twelve (12) <i>Business Days</i> from receipt of the billing from the <i>Market Operator</i> .	receipt of the notice. The concerned WESM Member shall pay the penalty amount <u>to the WESM Governance Arm</u> within twelve (12) fifteen (15) Business Days from receipt of the billing from the Market Opera <u>the latter</u> .	arranged as follows: <ul style="list-style-type: none"> o 4.13.1 – Upon whom the NSP is served. o 4.13.2 – When NSP is served. o 4.13.3 – Who shall implement NSP o 4.13.4 - When shall penalty be paid. 				

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WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System 4.13 – Service of Notice of Specified Penalties	4.13.5	All notices required to be served on the <i>Market Operator</i> shall be served through its <i>WESM Compliance Officer</i> . Related provision – 4.8.4 The <i>Market Operator</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the	All notices required to be served on the <i>Market Operator</i> shall be served through its <i>WESM Compliance Officer</i>. 4.8.4 4.13.5 The <i>Market Operator</i> <i>WESM Governance Arm</i> shall notify the <i>WESM Member</i> of the penalty amount including interest if applicable and the due date for payment of the same. In case of failure of the <i>WESM Member</i> to fully pay for the financial penalties on specified due date, a penalty interest in the sum specified in the Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM</i>	<ul style="list-style-type: none"> Transferred to Section 4.13.6 Replaced this with Section on notification about the possible consequence/s in case penalty is not paid (originally 4.8.4). Added here the provision on where to reckon the computation of penalty 				Noted

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**Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual**

WESM Manual on Penalty, Issue 2.0								
Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		Schedule of Breach and Penalties of this Manual shall be billed and collected from the <i>WESM Member</i> until the amount is fully paid.	<i>Member</i> until the amount is fully paid. <u>For purposes of this section, penalty interest shall be reckoned from the date the penalty becomes due up to the time the same is actually settled.</u>	interest (originally part of 4.8.7)				

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Section 4 – Penalty System 4.13 – Service of Notice of Specified Penalties	4.13.6	The <i>Compliance Committee</i> shall also be furnished of the <i>Notice of Specified Penalty</i> or revocation of said notice, as the case may be. Should this Notice require implementation of a directive on the part of the <i>System Operator</i> , a copy of said notice shall likewise be sent to the <i>System Operator</i> for appropriate action. Related provisions (transferred here): 4.13.5 All notices required to be served on the <i>Market</i>	The <i>Compliance Committee</i> shall also be furnished of the <i>Notice of Specified Penalty</i> or revocation of said notice, as the case may be. Should this Notice require implementation of a directive on the part of the <i>System Operator</i>, a copy of said notice shall likewise be sent to the <i>System Operator</i> for appropriate action. 4.13.5 4.13.6 All notices required to be served on the <i>Market Operator</i> or the <i>System Operator</i> shall be served through its <i>WESM Compliance Officer</i> .	<ul style="list-style-type: none"> Removed and transferred to Section 4.15 (Submission of Reports) Replaced it with Section on service of notices to MO (originally under Section 4.13.5) Added SO as possible recipient of any notice/s. 				Noted



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		<i>Operator shall be served through its WESM Compliance Officer.</i>						

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
Section 4 – Penalty System 4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14.1	Imposition of <i>financial</i> and <i>non-financial penalties</i> shall become executory upon issuance of the <i>Notice of Specified Penalty</i> .	Imposition of <i>financial</i> and <i>non-financial penalties</i> shall become executory upon issuance of the <i>Notice of Specified Penalty</i>.	Removed provision - in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first before the NSP is issued.				Noted
Section 4 – Penalty System 4.14 – Effect of Notice of Specified Penalties or Revocation	4.14.2	The <i>Notice of Specified Penalty/ies</i> or the revocation thereof as a result of the reconsideration and/or appeal process shall serve as the authority of the <i>Market Operator</i> to immediately collect or refund the amount of	The <i>Notice of Specified Penalty/ies</i> or the revocation thereof as a result of the reconsideration and/or appeal process shall serve as the authority of the <i>Market Operator</i> to immediately collect or refund the amount of the <i>financial penalty/ies</i> or	Removed provision -in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first				Noted

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on Thereof		the financial penalty/ies or such other amounts advertised to in the notice, to or from, the concerned WESM Member's account, as the case may be.	such other amounts advertised to in the notice, to or from, the concerned WESM Member's account, as the case may be.	before the NSP is issued.				
Section 4 – Penalty System 4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof	4.14 – Effect of Notice of Specified Penalties or Revocation Thereof <u>Non-Payment of Penalties / Non-Compliance with the Remedial Measures</u>	<ul style="list-style-type: none"> Removed provision - in line with the proposed amendments in EC Manual where “exhaustion or remedies” shall be observed first before 				Noted

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				<p>the NSP is issued.</p> <ul style="list-style-type: none"> Replace this Section with the provisions on the impact or consequences in case of non-payment of penalties/sanctions/ and interest 				
	(New)		<u>4.14.1 In case of non-payment or failure to comply with the requirements and directives of the notice, resolution or decision made in accordance with the established</u>	Added a provision on payment of legal interest in case of non-payment of penalties.	<u>SPC & SIPC:</u> In case the WESM Member cannot fully pay the financial penalty, we hope that the WESM	<u>SPC & SIPC:</u> <u>4.14.1 In case of non-payment or failure to comply with the requirements and directives of the notice, resolution or decision</u>	<u>PEMC to SPC/SIPC:</u> Intention is to strictly enforce the penalty payment.	Noted

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			<p><u>enforcement proceedings, a penalty interest shall be additionally imposed upon the concerned WESM Member.</u></p> <p><u>For this purpose, the prevailing legal interest rate shall apply in computing the amount and shall be computed from the date the payment becomes due up to the actual payment of penalty.</u></p>		Member can be given compliance plan or may be allowed to issue promissory note to settle/pay the financial penalty.	<p><u>made in accordance with the established enforcement proceedings, the WESM Member is directed to make compliance plan or issue promissory note to settled the financial penalty. a penalty interest shall be additionally imposed upon the concerned WESM Member.</u></p> <p><u>For this purpose, the prevailing legal interest rate shall apply in computing the amount and shall be computed from the date the payment becomes due up to the actual payment of penalty.</u></p>	<p>There is a separate provision on compliance Plan / remedial plan, if one is necessary (e.g., for immediate correction of breach to avert any further damage or harm and not as penalty for breach).</p> <p>If this recommendation is adopted, a compliance plan or</p>	

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							promissory note needs to be approved. The approval process needs to be developed (e.g., who approves it; what are the criteria for approving compliance plan, etc.). Promissory note may be discussed with PEM Board under Section 4.14.4 Suggest retaining	

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							original proposal with modification: Reason for modification – 4.14.1 – effect of non-payment of penalty amount 4.14.2 – effect of non-performance of remedial measures <u>4.14.1 In case of non-payment of penalty amount or failure to</u>	



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							<p><u>comply with the requirements and directives of the notice, resolution or decision made in accordance with the established enforcement proceedings, a penalty interest shall be additionally imposed upon the concerned WESM Member.</u></p>	

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	(New)		<u>4.14.2 A penalty, as specified in the Schedule of Breach and Penalty, shall likewise be imposed in case of non-compliance by a WESM Member with the remedial measures required to be implemented by it as specified in the Notice of Specified Penalty or other notices issued in relation to a finding of breach.</u>	Added a provision on payment of legal interest in case of non-fulfillment of remedial measures	<u>SPC & SIPC:</u> This can be removed when compliance plan is adopted/agreed by PEMC and the WESM Member.	<u>SPC & SIPC:</u> 4.14.2 A penalty, as specified in the Schedule of Breach and Penalty, shall likewise be imposed in case of non-compliance by a WESM Member with the remedial measures required to be implemented by it as specified in the Notice of Specified Penalty or other notices issued in relation to a finding of breach.	<u>PEMC to SPC/SIPC:</u> Suggest retaining the original proposal. What is being penalized here is the non-compliance or non-performance of the compliance plan/ remedial measures.	Noted
	(New)		<u>4.14.3 The aforesaid penalty interest and penalty amount referred to in the immediately preceding sections shall be imposed</u>	Added a provision on automatic imposition of interest in case of non-payment	<u>SPC & SIPC:</u> This can be removed when compliance plan is adopted/agreed	<u>SPC & SIPC:</u> 4.14.3 The aforesaid penalty interest and penalty amount referred to in the immediately preceding	<u>PEMC to SPC/SIPC:</u> Suggest retaining the	Noted

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			<u>automatically by the WESM Governance Arm upon failure to pay the financial penalty on due date or to comply with the required remedial measures.</u>	or non-compliance with the agreed remedial measures, <i>i.e.</i> , without need of investigation.	by PEMC and the WESM Member.	sections shall be imposed automatically by the WESM Governance Arm upon failure to pay the financial penalty on due date or to comply with the required remedial measures.	original proposal.	
	(New)		<u>4.14.4 If the concerned WESM Member fails or refuses to pay the penalty amount and the interest despite due notice and demand, the issue shall be elevated to the PEM Board for appropriate action.</u>	Added a provision that would authorize PEM Board in taking legal steps to enforce the rule. (<i>e.g.</i> , for PEM Board to direct Legal to take action, like issuance of demand letter, or filing a legal case for collection)	<u>SPC & SIPC:</u> We hope that interest on penalty can be removed.	<u>SPC & SIPC:</u> <u>4.14.4 If the concerned WESM Member fails or refuses to pay the penalty amount and the interest despite due notice and demand, the issue shall be elevated to the PEM Board for appropriate action.</u>	<u>PEMC to SPC/SIPC:</u> Suggest retaining the original proposal based on discussion above.	Noted

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Section 4 – Penalty System	4.15 Submission of Reports	The <i>Enforcement and Compliance Office</i> shall submit a monthly summary report of all Notices of Specified <i>Penalty/ies</i> and Resolutions on the requests for reconsideration made by the <i>Enforcement and Compliance Office</i> , and decisions of the <i>Compliance Committee</i> on appeals, that have been issued during the month, and the status of their implementation to the PEM Board, through the PEMC President, the <i>Department of Energy</i> , the <i>Energy</i>	The <i>Enforcement and Compliance Office</i> shall submit a monthly summary report of all Notices of Specified <i>Penalty/ies</i> and Resolutions on the requests for reconsideration made by the <i>Enforcement and Compliance Office</i>, and decisions of the <i>Compliance Committee</i> on appeals, that have been issued during the month, and the status of their implementation to the PEM Board, through the PEMC President, the <i>Department of Energy</i>, and the <i>Energy Regulatory Commission</i>, the <i>Market Surveillance Committee and the Market</i>	<ul style="list-style-type: none"> Removed redundant provision, <i>i.e.</i>, the requirement to submit monthly summary report on the status of compliance monitoring and investigation including the request for reconsideration / appeal <u>are already provided in the EC Manual.</u> 				Noted



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		Regulatory Commission, the Market Surveillance Committee and the Market Operator. Such report may be included in any monthly report that the Enforcement and Compliance is required to prepare, publish and disseminate in accordance with the WESM Enforcement and Compliance Manual.	Operator. Such report may be included in any monthly report that the Enforcement and Compliance is required to prepare, publish and disseminate in accordance with the WESM Enforcement and Compliance Manual. <u>to the Compliance Committee, PEM Board, Department of Energy, and the Energy Regulatory Commission an annual summary penalty report, covering the period January to December of the previous year, that contains status or updates on the penalty imposed, collected, and utilized. It shall be</u>	<ul style="list-style-type: none"> Replaced it instead with the requirement to submit annual report <u>on penalty imposed, collected, and utilized.</u> Included timeline for submission. The record pertaining to penalty collection from Jan to Dec billing period is expected to 				

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			<p><u>reported on or before the 30th day of June of the year following the covered annual period.</u></p> <p><u>The Compliance Committee, PEM Board, Department of Energy, and Energy Regulatory Commission may, however, request a status update on penalty-related matters from the Enforcement and Compliance Office, at any time, as may be necessary.</u></p>	<p>be completed by June 30 of the following year.</p> <ul style="list-style-type: none"> June 30 – to consider timeline for collection (including the post-investigation proceedings like request for recon and appeal, if any) for the whole year (Jan to Dec) 				

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				<ul style="list-style-type: none"> Included additional provision on periodic reporting, as may be required by DOE, ERC, PEM Board or CC. 				
Section 5 – Schedule of Breach and Penalties	No.9 Non-submission of data, report or information under the following	(e) Failure of a Distribution Utility to notify the Central Registration Body of any end user within its franchise area that has met the requirements to be certified as a contestable customer and to provide customer information required under the	(e) Failure of a Distribution Utility to notify the Central Registration Body of any end user within its franchise area that has met the requirements to be certified as a contestable customer and/or as <u>End-User under the Green Energy Option Program</u> to provide customer information required under	Revised to reflect the amendments for the implementation of the Green Energy Option Program.				Noted

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	circumstances –	Clause 2.3 of the Retail Rules. Registration by the Contestable Customer in the WESM is not an exempting circumstance	the Clause 2.3 of the Retail Rules. Registration by the Contestable Customer in the WESM is not an exempting circumstance					
Section 5 – Schedule of Breach and Penalties	No.9 Non-submission of data, report or information under the following circum	(f) Failure of the Supplier/s to notify and enroll with the Central Registration Body their bilateral power supply contracts with Generation Companies that they wish to be accounted for in the WESM settlements within thirty days before effectivity of the contract. <i>Compliance</i>	(f) Failure of the Supplier/s to notify and enroll with the Central Registration Body their bilateral power supply contracts with Generation Companies that they wish to be accounted for in the WESM settlements within thirty days before effectivity of the contract. <i>Compliance by either party is deemed a compliance by the other. Likewise, either party is</i>	Removed – due to deletion of Clause 2.3.3 (Contestable Customer Supply Contract Information) and its sub-clauses 2.3.3.1 to 2.3.3.3 (per DC-2021-06-0012)				Noted



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	stances –	by either party is deemed a compliance by the other. Likewise, either party is also deemed compliant if the Generation Company counterparty has complied with enrolment procedures set in relevant Market Manual in respect to the relevant bilateral contract.	also deemed compliant if the Generation Company counterparty has complied with enrolment procedures set in relevant Market Manual in respect to the relevant bilateral contract.					

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

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		<p>distributed to the electricity end-users.</p> <p>For this purpose, the <i>Market Operator</i> shall formulate the guidelines and procedures for distribution of the penalties and interest collected. Such guidelines and procedures shall be subject to the approval of the <i>Department of Energy</i> and the <i>Energy Regulatory Commission</i> in respect to the formula for distribution to electricity end users.</p>	<p>For this purpose, the <i>Market Operator</i> shall formulate the guidelines and procedures for distribution of the penalties and interest collected. Such guidelines and procedures shall be subject to the approval of the <i>Department of Energy</i> and the <i>Energy Regulatory Commission</i> in respect to the formula for distribution to electricity end users.</p>	<p>of responsibility to collect penalties from the Market Operator to WESM Governance Arm consistent with the mandate of the latter to enforce rules and sanctions in the WESM.</p> <ul style="list-style-type: none"> Removed to be replaced by other purpose/uses of penalty 				



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				fund. Related provisions under Section 6 of the Penalty Manual provide for the: (a) specific use of the penalty collected which shall be limited to emergency/ urgent or unforeseen needs of the Market Operator or the WESM Governance Arm and is				



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				considered vital in the exercise of its functions; and (b) procedures that would safeguard the penalty fund against abuse, misuse, or mishandling of amounts, duplication or overlapping of activities or double charging of costs against the market fees				

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				and penalty fund.				
	(New)		<u>6.1. The Penalty Fund shall be maintained by the WESM Governance Arm, which shall hold all financial penalties it collected pursuant to this Manual. The said fund shall not be commingled with other funds or amounts that come into the possession of the WESM Governance Arm.</u>	Introduced a provision on the treatment of penalty collected as a fund which is intended to be allocated to meet the specific objectives as set out in Section 6 of the Penalty Manual				Noted
	(New)		<u>6.2 The Penalty Fund may be used for any of the following purposes and subject to the</u>	<ul style="list-style-type: none"> Added the purposes: 	<u>APC:</u> Agree as long as (a) is approved by		<u>PEMC to APC:</u>	Chair: Suggest reflecting the authority to

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			<p><u>conditions set out in Section 6.4 —</u></p> <p>a. <u>Emergency funds after a calamity or disaster which shall be used by the WESM Governance Arm or Market Operator to cover the construction, development, replacement, or rehabilitation of its infrastructure or assets that may have been damaged or affected by said calamity or disaster; or</u></p> <p>b. <u>Development and acquisition of information technology</u></p>	<p>In general – for the emergency/ urgent or unforeseen need only of the market.</p> <ul style="list-style-type: none"> • Related Section 6.4.1 – criteria and conditions 	<p>the DOE and will be transparent to the market after usage.</p> <p>For (b), agree with reservations. The development should directly benefit the Trading Participants.</p>		<p>(a) DOE approves the policy, rule and procedures pertaining to utilization. DOE also is recipient of the utilization report.</p> <p>(b) the intent is to ensure continuing support to WESM, and impliedly cover trading participants</p> <p>Suggest retaining the original proposal.</p>	<p>use of penalty in the WESM Rules (another level of authorization from collection of penalties) – may need to be supported by a legal document</p>



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			<u>systems to support the operations and/or governance activities.</u>					
	(New)		<p><u>6.3 Uses Not Permitted</u></p> <p><u>The Penalty Fund shall not be used for any the following uses –</u></p> <p>a. <u>Compensation of or grant of monetary or other benefits for the PEM Board, the organic units and employees of the WESM Governance Arm and the Market Operator for carrying out their obligations pertaining to the operations, administration, and</u></p>	<ul style="list-style-type: none"> • Excluded items such as – <ul style="list-style-type: none"> ○ Covered by regular expenditures of the entity (e.g., salary, compensation, benefits, etc.) ○ Legal and professional 	<p><u>CC:</u></p> <p>Favors the retention of the proposed amendment 6.3 as it further reassures stakeholders the penalty funds will be used properly</p>		<p><u>PEMC to CC:</u></p> <p>Concur with CC</p>	Noted



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			<p><u>governance of the WESM as set out in the <i>Market Rules and relevant Market Manuals</i>;</u></p> <p>b. <u>Revenue requirements of the <i>Market Operator or WESM Governance Arm</i> for the operation and governance of the WESM which are to be defrayed from the <i>Market Fees</i>;</u></p> <p>c. <u>Cost of investigation of a breach by a <i>WESM Member</i>;</u></p> <p>d. <u>Compensation of <i>WESM Members and other parties disadvantaged by a breach committed</i></u></p>	<p>fees / costs</p> <ul style="list-style-type: none"> o Compensation for the breach committed by WESM Members (e.g., compensation by Generator A which was bumped off by Generator B during the 				



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			<p><u>by another WESM Member;</u></p> <p>e. <u>Charitable works or donations to a specific group of WESM Members, electricity end-users or consumers, government agencies, or other entities and individuals; and</u></p> <p>f. <u>Commercial purposes or to fund or provide capital for any business activity.</u></p>	<p>dispatch implementation)</p> <ul style="list-style-type: none"> o Donations o Commercial uses <p>• The foregoing items are not intended to address emergency/urgent needs. These are primarily covered in the Market Fees</p>				

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				application already.				
	(New)		<p><u>6.4 Preparation of the Utilization Plan</u></p> <p><u>6.4.1 The WESM Governance Arm, in coordination with the Market Operator, shall formulate a Utilization Plan when the need arises under the following conditions –</u></p> <p><u>a. It covers only the permitted uses, as provided under Section 6.2 of this Manual.</u></p>	<p>Provided provisions that would ensure:</p> <ul style="list-style-type: none"> • (a) Non-duplication of activities • (b) Non-overlapping of charges (against market fees and penalty fund) • (c) and (d) Emergency nature of the 				Same comment of Chair Morallos above

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			<p>b. <u>The activities or projects to be included in the Utilization Plan shall not overlap with: (a) other planned or existing activities or projects of the WESM Governance Arm or Market Operator; and (b) items, projects, or activities covered by the existing or proposed Market Fees application with the Energy Regulatory Commission.</u></p> <p>c. <u>The utilization of the penalty fund will address the</u></p>	<p>project or activity</p> <ul style="list-style-type: none"> (e) Immediate response to the urgent needs of the market (while awaiting ERC's decision on market fees) <p>Note: item (e) must be read in relation to Section 6.7.3</p>				



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			<p><u>unforeseen or urgent need of the WESM Governance Arm or Market Operator</u></p> <p>d. <u>The non-implementation of the projects or activities intended to be covered by such Utilization Plan may either cause delay, business disruption, inefficiency, non-compliance, or non-performance of the services that are mandated to be carried out by the WESM Governance</u></p>					



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			<p><u>Arm or the Market Operator.</u></p> <p>e. <u>In the event that a certain item, project, or activity is already covered in the pending Market Fees application with the Energy Regulatory Commission but the same is unlikely to be resolved or decided within the period that is vital to the need of WESM Governance Arm or the Market Operator based on the timelines and procedures for its implementation, the WESM</u></p>					



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			<u><i>Governance Arm or the Market Operator shall be allowed to include the proposed item, project, or activity in the Utilization Plan; provided that it shall indicate therein the necessary actions or adjustments to be undertaken to prevent duplication in the charging of costs relative to the subject item, project, or activity.</i></u>					
	(New)		<u>6.4.2 The Utilization Plan as formulated in accordance with the preceding section shall include the following:</u>	Provided a section on the content of the Utilization Plan				Noted

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			a. <u>Description and purpose of the activities or projects to be undertaken including the possible impact on WESM operations or governance functions in case of non-implementation thereof;</u> b. <u>Duration of each activity or project, and expected milestones;</u> c. <u>Estimated cost of each activity or project;</u> d. <u>Estimated date/time of its utilization; and</u> e. <u>Other matters relevant to the item, project, or activity</u>					

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			<u>covered in the Utilization Plan.</u>					
	(New)		<u>6.4.3 The Utilization Plan may be revised or modified to take into account the priority projects or activities in the WESM, as may be determined by the WESM Governance Arm or the Market Operator, provided that the conditions set out in Section 6.4 are fully met and/or complied with.</u>	Provided a section that would allow revision based on priority activities.				Noted
	(New)		<u>6.5 Consultation with the WESM Members and WESM Governance Committees</u>	Provided a section on checks and balances.	CC: Consider shortening the timeline for consultation with		PEMC to CC: Concur. Proposed wordings –	Noted

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			<p>6.5.1 <u>The <i>Utilization Plan</i> shall be prepared in consultation with the <i>WESM Members</i> and the <i>WESM Governance Committees</i>.</u></p> <p>6.5.2 <u>The <i>WESM Governance Arm</i> shall initiate the consultation process by publishing a notice on its website calling for comments on the proposed <i>Utilization Plan</i> for a period not more than fifteen (15) business days from the date of the publication.</u></p> <p>6.5.3 <u>The <i>WESM Members</i> and the <i>WESM Governance Committees</i> shall submit their comments and inputs to the WESM</u></p>		the WESM Members and WGC since the utilization is for the emergency/urgent or unforeseen need of the market		6.5.2 The <i>WESM Governance Arm</i> shall initiate the consultation process by publishing a notice on its website calling for comments on the proposed <i>Utilization Plan</i> for a period not more than fifteen (15) five (5) business days from the date of the publication.	



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			<p><u>Governance Arm within the period stated in the notice.</u></p> <p><u>6.5.4 The WESM Governance Arm may, if it deems necessary, conduct a public consultation with the WESM Members and WESM Governance Committees for discussion or deliberation of the proposed Utilization Plan, suggestions and comments thereon.</u></p> <p><u>6.5.5. The WESM Governance Arm shall finalize the Utilization Plan after due consideration of the comments and inputs</u></p>					

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			<u>from the WESM Members and WESM Governance Committees.</u>					
	(New)		<p><u>6.6. Approval and Publication of Utilization Plan</u></p> <p><u>6.6.1 The Utilization Plan shall be approved by the PEM Board. In approving the Utilization Plan, the PEM Board shall ensure that –</u></p> <p><u>a. The activities and projects included therein fall under any of the permitted uses specified in Section 6.2 and do not fall under any</u></p>	Provided a section that would ensure alignment of the plan with the intent and purpose of the rule.				Noted



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			<p><u>of the uses not permitted as specified in Section 6.3.</u></p> <p>b. <u>The formal requirements, publications, and consultations required under Sections 6.4 and 6.5 were complied with.</u></p> <p><u>6.6.2 Upon approval by the PEM Board, the approved Utilization Plan shall be published by the WESM Governance Arm on its website. Copies of the same may also be provided to the Department of Energy or</u></p>					

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			<u>the <i>Energy Regulatory Commission</i>, upon request.</u>					
	(New)		<u>6.7 Implementation, Evaluation, and Revision of Utilization Plan</u> <u>6.7.1 The <i>WESM Governance Arm</i> shall be responsible for administering or implementing the approved <i>Utilization Plan</i> and the projects and activities covered therein. It shall immediately coordinate with the <i>Market Operator</i> relative to the latter's activities or projects that are included in the approved <i>Utilization Plan</i> for implementation.</u>	Provided a section on transparency and accountability with regard to penalty utilization.				Noted



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			<p><u>6.7.2 If, in the course of the implementation of the Utilization Plan, the WESM Governance Arm or the Market Operator finds it necessary to revise the same or any part thereof, the following shall apply:</u></p> <p><u>a. The WESM Governance Arm or Market Operator shall submit a revised Utilization Plan for approval by the PEM Board. The revised Utilization Plan and the reasons for the revision shall be published by the WESM Governance Arm on its website upon its approval.</u></p>					

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			<p>b. <u>If the revision involves the inclusion of additional projects or activities that are not originally included in the scope of the Utilization Plan sought to be approved, the proposed revision shall be submitted for consultation and approval following procedures and requirements set out in Sections 6.4, 6.5 and 6.6 of this Manual.</u></p>					



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			<p>c. <u>In case of deferral of _____ the implementation or non-implementation of the projects or activities included in the approved Utilization Plan, the reasons for such deferral or non-implementation shall be included in the report to the PEM Board as required under Section 6.7.4 of this Manual.</u></p> <p><u>6.7.3 When a Penalty Fund is utilized under the circumstance stated in Section 6.4.1 (e), and the Market Fees</u></p>					



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			<p><u>covering the same item or project was later approved by the Energy Regulatory Commission, the following shall apply:</u></p> <p>a. <u>The amount equivalent to the cost of the item, project, or activity shall be appropriated out of the approved Market Fees and shall be returned to the Penalty Fund.</u></p> <p>b. <u>In the event that the amount approved for the item, project, or activity as part of the Market Fees is</u></p>					



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			<p><u>less than the amount actually utilized based on the approved Utilization Plan, the variance shall be charged against the Penalty Fund or may be subject of a supplemental application for Market Fees with the Energy Regulation Commission, as may be deemed appropriate.</u></p> <p><u>6.7.4 The WESM Governance Arm shall submit to the PEM Board, Department of Energy, and Energy</u></p>					

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			<u>Regulatory Commission a report on the implementation of the Utilization Plan which should form part of the annual report as referred to in Section 4.15 of this Manual.</u>					
	(New)		<u>6.8 Audit</u> <u>The Penalty Fund and its utilization shall be subject to financial and compliance audit of the WESM Governance Arm.</u>	Added a section for checks and balances that help ensure that utilization plans are carried out in accordance with: (a) the generally accepted accounting principles; and (b) the requirements set out in the Penalty Manual.	<u>APC:</u> Compliance audit should be done by a competent third party who is not involved in the appropriation of the Penalty fund. The WESM Governance Arm is directly involved in the planning and spending of the Penalty Fund.		<u>PEMC to APC and CC:</u> Concur with APC and CC. Proposed wordings: The <i>Penalty Fund</i> and its utilization shall be subject to <u>external</u> financial and compliance audit of the	Noted

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					CC: Recommend specifying that that it will be an independent auditor.		WESM Governance Arm, <u>as may be engaged by the PEM Audit Committee.</u> (Noting that PAC is composed of independent members.)	
Section 8 - Glossary	(NEW)		<u>Penalty Fund – amount collected as a consequence of a breach of the Market Rules and/or Market Manuals and is set aside for purposes specified in the WESM Penalty Manual .</u>	Added – to provide for a clear definition of Penalty Fund as to the: (a) source of fund, i.e., imposed amount as consequence of a breach; and				Noted

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				(b) its purpose or uses.				
Section 8 - Glossary	(NEW)		<u>Utilization Plan – refers to a set of actions, activities, or items intended to be conducted or implemented out of the Penalty Fund in furtherance of the WESM operations and/or governance for a particular period or year based on established criteria and conditions as set in the WESM Penalty Manual.</u>	Added – to provide for a clear definition of plan that needs to be accomplished by the proponent (MO or WGA) for the intended utilization of penalty fund.				DAO: Need to clarify if PEMC has the authority to utilize the penalties collected RAPA: ERC issued a resolution for PEMC to deduct penalties from the MTF



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								Chair: Need to review framework considering the ERC's jurisdiction on approving PEMC's budget

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<i>Please write your general comment here, if any:</i>								
SECTION 3 LEGAL AND REGULATORY FRAMEWORK	3.1.3	Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and	Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and promulgation of a penalty scheme that will be applied in case of <i>breach</i> . ^[4] Footnote: [3] <i>WESM Rules</i> , Clause 4-8.4 7.1 and Section 7.2 [4] <i>WESM Rules</i> , Clause 4-6.3 7.2.5.5	Minor – Change in Rule Reference (Footnote) – as may be affected by previous amendments to the <i>WESM Rules</i> .				Provisionally approved

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<p>promulgation of a penalty scheme that will be applied in case of <i>breach</i>.^[4]</p> <p>Footnote: [3] <i>WESM Rules</i>, Clause 1.8.1 and Section 7.2</p> <p>[4] <i>WESM Rules</i>, Clause 1.6.3</p>						
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.2 Enforcement of The Market Rules	3.2.2	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the Philippine Electricity Market Board and the <i>Compliance Committee</i> in	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the Philippine Electricity Market <i>PEM Board</i> and the <i>Compliance Committee</i> in respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement</i>	Minor – for consistency with the terminology used in the Market Rules and Market Manuals.				Provisionally approved



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		respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the Philippine Electricity Market Corporation.	<i>and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the Philippine Electricity Market Corporation (PEMC) <u>WESM Governance Arm.</u>					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.2. Enforcement of the Market Rules	3.2.1	The <i>WESM Rules</i> establish a governance structure for the <i>WESM</i> which includes, among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i>	The <i>WESM Rules</i> establish a governance structure for the <i>WESM</i> which includes, among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i> include the formation of a governing body.[8] Footnote: [8] WESM Manual on Registration, Suspension and De-registration Criteria and Procedures Section 30 (c) of R.A 9136 otherwise known as the "Electric Power	Minor – correction in the rule reference.				Provisionally approved

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		include the formation of a governing body.[8] Footnote: [8] WESM Manual on Registration, Suspension and De-registration Criteria and Procedures	<u>Industry Reform Act of 2001</u> "					
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.4 Enforcement Actions Under the WESM Rules	3.4.1	<i>WESM Rules</i> Clause 1.8.1 provides that the Rules are to be enforceable in accordance with its Chapter 7.	<i>WESM Rules</i> Clause 4.8.4 1.9.1 provides that the Rules are to be enforceable in accordance with its Chapter 7.	Minor – Change in Rule Reference – as may be affected by previous amendments to the WESM Rules.				Provisionally approved

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 4 RESPONSIBILITIES 4.2. Compliance Committee	4.2.1	Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i> , the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to:	<p>Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i>, the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to:</p> <p>a) Review reports of investigations of breaches to the <i>WESM Rules</i> and <i>Market Manuals</i> carried out by the <i>Enforcement and Compliance Office</i> and, based on the results of such investigation, decide on the outcomes</p>	<ul style="list-style-type: none"> Added another item - for consistency with the WESM Rules Renumbered the succeeding/affected sub-items under Section 4.2.1 				Provisionally approved

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		<p>a) Review reports of investigations of breaches to the WESM Rules and Market Manuals carried out by the Enforcement and Compliance Office and, based on the results of such investigation, decide on the outcomes of the investigation and recommend imposition of sanctions or penalties if warranted;</p> <p>b) Review and monitor the compliance of the</p>	<p>of the investigation and recommend imposition of sanctions or penalties if warranted;</p> <p>b) Review and monitor the compliance of the <i>Enforcement and Compliance Office</i> with the reportorial requirements pursuant to the WESM Rules, Market Manuals, and other applicable laws, rules, regulations, or issuances;</p> <p>c) Review and monitor the compliance by the <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the <i>WESM Rules</i> and <i>Market Manuals</i>, or any coordinating or operating agreements, or protocols which may be</p>					

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		<p><i>Enforcement and Compliance Office</i> with the reportorial requirements pursuant to the WESM Rules, Market Manuals, and other applicable laws, rules, regulations, or issuances;</p> <p>c) Review and monitor the compliance by the <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the <i>WESM Rules</i> and</p>	<p>established governing the performance of their functions and obligations under the <i>WESM Rules</i> and <i>Market Manuals</i>.</p> <p><u>d) Review and approve the guidelines for the WESM Compliance Officers' competence standards and certification program</u></p> <p>d)-e) Propose amendments to the WESM Rules or Market Manuals in accordance with chapter 8 with a view to:</p> <p>(i) Improving the efficiency and the effectiveness of the operation of the WESM; and</p> <p>(ii) Improving or enhancing the prospects for the achievement of the WESM objectives;</p> <p>e)-(f) Assist the <i>Rules Change Committee</i> in relation</p>					

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		<p><i>Market Manuals, or any coordinating or operating agreements, or protocols which may be established governing the performance of their functions and obligations under the WESM Rules and Market Manuals.</i></p> <p>d) Propose amendments to the WESM Rules or Market Manuals in accordance with chapter 8 with a view to:</p>	<p>to its assessment of proposals to amend the WESM Rules or Market Manuals under Chapter 8; and</p> <p>)-(g) Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i>, and implementation of remedial measures as a consequence of such <i>breach</i>, based on outcomes of investigation carried out by the <i>Enforcement and Compliance Office</i>.</p>					



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		(i) Improving the efficiency and the effectiveness of the operation of the WESM; and (ii) Improving or enhancing the prospects for the achievement of the WESM objectives; e) Assist the <i>Rules Change Committee</i> in relation to its assessment of proposals to amend the WESM Rules or Market Manuals under Chapter 8; and						



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		f) Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i> , and implementation of remedial measures as a consequence of such <i>breach</i> , based on outcomes of investigation						

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		carried out by the <i>Enforcement and Compliance Office</i> .						
SECTION 4 RESPONSIBILITIES 4.4 PEMC President	4.4 4.4.1	4.4. PEMC President 4.4.1 The PEMC President shall have the following functions in respect to enforcement and compliance in the market – a) Appoint the <i>Enforcement and Compliance Office</i> staff;	4.4. PEMC President <u>of the WESM Governance Arm</u> 4.4.1 The PEMC President <u>of the WESM Governance Arm</u> shall have the following functions in respect to enforcement and compliance in the market – a) Appoint the <i>Enforcement and Compliance Office</i> staff; b) Exercise administrative supervision over the <i>Enforcement and Compliance Office</i> and its	Minor – for consistency with the terminology used in the Market Rules and Market Manuals				Provisionally approved

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		<p>b) Exercise administrative supervision over the <i>Enforcement and Compliance Office</i> and its performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual to be issued by or to the <i>Market Operator</i> in accordance with internal business</p>	<p>performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual and the WESM Penalty Manual to be issued by or to the Market Operator or the System Operator in accordance with internal business processes of PEMCthe <u>WESM Governance Arm</u>.</p>					

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		processes of PEMC.						
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS 5.2 Enforcement Proceedings	5.2.1	WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of <i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out as a consequence of the <i>breach</i> . These include the processes for compliance monitoring and assessment,	WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of <i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out as a consequence of the <i>breach</i> . These include the processes for compliance monitoring and assessment, investigation for <i>breach</i> , <u>proceedings relating to reconsideration and appeal</u> and imposition of <i>enforcement actions</i> . The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are	<ul style="list-style-type: none"> Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual. <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part</p>	ACEN: Typo error	ACEN: The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.	PEMC to ACEN: Noted.	Provisionally approved



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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		investigation for <i>breach</i> and imposition of <i>enforcement actions</i> . The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are summarized in Appendices I and II of this Manual.	summarized in Appendices I and II of this Manual.	of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal). The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.				

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				<ul style="list-style-type: none"> The summary timeline (in tabular form) will be replaced by a process flowchart as Appendix I 				
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS 5.2 Enforcement Proceedings	5.2.3	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a notice of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM</i>	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a notice report of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM Members</i> or <i>WESM Governance Committees</i> . Investigation may also be initiated from the directive of the <i>PEM Board, DOE</i> or <i>ERC</i> . This is carried out by the	<p>Minor – correction of terms</p> <p>“Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the Glossary of the EC Manual.</p> <ul style="list-style-type: none"> Notice of Probable Breach – report by any 				Provisionally approved

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		<p><i>Members or WESM Governance Committees. Investigation may also be initiated from the directive of the PEM Board, DOE or ERC. This is carried out by the Enforcement and Compliance Office which shall afford the party being investigated sufficient opportunities to respond to the investigation. Investigation reports of the</i></p>	<p>Enforcement and Compliance Office which shall afford the party being investigated sufficient opportunities to respond to the investigation. Investigation reports of the Enforcement and Compliance Office are reviewed by the Compliance Committee. The results of the investigation, as reviewed, are then submitted to the PEM Board, which has the authority to impose sanctions and penalties, and to require that remedial measures be carried out.</p>	<p>WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules)</p> <ul style="list-style-type: none"> Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member. 				



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		<i>Enforcement and Compliance Office</i> are reviewed by the <i>Compliance Committee</i> . The results of the investigation, as reviewed, are then submitted to the <i>PEM Board</i> , which has the authority to impose sanctions and penalties, and to require that remedial measures be carried out.		Terms are NOT interchangeable				
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS	5.2.4	Investigation of the <i>Market Operator</i> and the <i>System</i>	Investigation of the Market Operator and the System Operator. The investigation of the <i>Market Operator</i> and	Inserted a reference to WR Clause 7.2.3 which provided a different				Provisionally approved



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5.2 Enforcement Proceedings		Operator. The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>ERC</i> and the <i>DOE</i> .	the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with <u>Clause 7.2.3 of the WESM Rules</u> and the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>ERC</i> and the <i>DOE</i> .	set of enforcement proceedings when the party to be investigated is MO or SO.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS <i>5.2 Enforcement Proceedings</i>	5.2.6	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendation s of the <i>Compliance Committee</i> . The latter submits recommendation s based on its findings of facts on an investigation which, in turn, is based on its review of the	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendations of the <i>Compliance Committee</i> . The latter submits recommendations based on its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the <i>Enforcement and Compliance Office</i> . The investigations referred to herein are those initiated in accordance with Section 7.3.4 <u>7.2.1</u> of this Manual.	Minor – typo correction and correction of rule reference				Provisionally approved



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		<p>results of the investigations by the <i>Enforcement and Compliance Office</i>. The investigations referred to herein are those initiated in accordance with Section 7.3.1 of this Manual.</p>						

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SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS <i>5.2 Enforcement Proceedings</i>	(New)		<u>5.2.9 Reconsideration or Appeal. A request for reconsideration or appeal may be filed by a WESM Member upon receipt of the compliance report or resolution finding or confirming a finding of breach of the Market Rules and/or Manuals. This shall be filed within the prescribed timeline and in accordance with the requirements and procedures provided in Section 9 of this Manual.</u>	<ul style="list-style-type: none"> Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual. Added as part of the enforcement proceedings (monitoring and investigation >> results >> request for reconsideration >> appeal). The WEM Penalty Manual will then be limited to 	<u>ACEN:</u> Typo error	<u>ACEN:</u> The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.	<u>PEMC to ACEN:</u> Noted.	Provisionally approved



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				provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.1.4	If, as a result of its compliance monitoring and assessment, and after taking into account all the	If, as a result of its compliance monitoring and assessment, and after taking into account all the market data and information cited in Section 6.4.1, the reasons	<ul style="list-style-type: none"> Revised for consistency with the rule on exhaustion of remedies. The Notice of 				Provisionally approved

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6.1 – GUIDING PRINCIPLES		market data and information cited in Section 6.4.1, the reasons provided by the concerned <i>WESM Member</i> and all the supporting documents submitted in relation thereto under Section 6.3.2, the <i>Enforcement and Compliance Office</i> determines that there is a <i>breach</i> committed by a <i>WESM Member</i> , and shall issue the <i>Notice of</i>	provided by the concerned <i>WESM Member</i> and all the supporting documents submitted in relation thereto under Section 6.3.2, the <i>Enforcement and Compliance Office</i> determines that there is a <i>breach</i> committed by a <i>WESM Member</i> , and it shall issue the <i>Notice of Specified Penalty</i> through the PEMC President in accordance with the <i>WESM Penalty Manual</i> a <u>compliance report and notify the WESM Member of its findings and the corresponding penalty.</u> Where remedial measures are required, it shall cause the implementation of the same in accordance with Section 7.1.5 7.14.	Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory. <ul style="list-style-type: none"> ○ Current: Compliance Report and Notice of Specified Penalty – simultaneously issued ○ Proposed Revision: Compliance 				



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		<i>Specified Penalty through the PEMC President in accordance with the WESM Penalty Manual. Where remedial measures are required, it shall cause the implementation of the same in accordance with Section 7.1.5.</i>		<p>e Report >> RR and/or Appeal >> Final and Executory >> Implementation of Enforcement Action (through Notice of Specified Penalty)</p> <ul style="list-style-type: none"> • Correction of rule reference. 				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.1 – GUIDING PRINCIPLES	6.1.5	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <i>WESM Penalty Manual</i> .	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <i>WESM Penalty Manual</i> Section 9 of this Manual.	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to a new section of EC Manual (Sec. 9)				Provisionally approved



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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.3 – Submission of Reply and Supporting Documents	6.3.1	The <i>WESM Member</i> shall have three (3) business days from receipt of the non-compliance notice or flagging of probable breach to respond thereto.	The <i>WESM Member</i> shall have three (3) five (5) <i>business days</i> from receipt of the non-compliance notice or flagging of probable breach to respond thereto <u>unless a different period is prescribed in the relevant Market Manual.</u>	Revised to afford the <i>WESM Member</i> more time to respond in consideration of the time to gather information from the person or unit in charge (e.g., incident report from the power plant which may take a while to obtain for submission to ECO)				Provisionally approved

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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.4 – Validation and Assessment	6.4.2	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information to clarify the reasons or explanations provided by the latter.	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information, conduct conferences or plant visits to clarify or validate the reasons or explanations provided by the latter.	Revised – for due process.				Provisionally approved
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.4.3	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period by the 15th of the month following the month subject of the monitoring within forty-	Revised to extend period for assessment in consideration of the following: • Based on the timeline of				Provisionally approved

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6.4 – Validation and Assessment		by the 15th of the month following the month subject of the monitoring unless a different period of monitoring and assessment is hereafter set by the <i>Market Manuals</i> or due to unforeseen events or incidents which are beyond the control of the <i>Enforcement and Compliance Office</i> .	<p><u>five (45) business days from the end of the calendar month covered in the monitoring</u> unless a different period of monitoring and assessment is hereafter set by the <u>is prescribed for validation and assessment in the relevant Market Manuals</u> or due to unforeseen events or incidents which are beyond the control of the <i>Enforcement and Compliance Office</i>. <u>For instance, the validation and assessment for September billing period shall be completed not later than the 15th day of November.</u></p> <p><u>Such a period may, however, be extended due to force majeure or any unforeseen</u></p>	<p>IEMOP in providing data provision (re: nodal price that is part of the penalty calculation in the system), it is not possible to complete the CMA within the existing 15-day period.</p> <ul style="list-style-type: none"> Volume of daily assessment (around 420 resources from Luzon, Visayas, and Mindanao) for several types of monitoring (<i>Offered</i> 				



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			<u>events or incidents that are beyond the control of the Enforcement and Compliance Office.</u>	<p><i>Capacity Compliance, Dispatch Conformance Standards, Look-Ahead Submission Compliance, etc.)</i></p> <ul style="list-style-type: none"> Subject to other provisions relating to a different period of monitoring (e.g. FAS monitoring or ancillary services monitoring) <p>Revised to allow extended period in</p>				

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				case of force majeure.				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.4 – Validation and Assessment	(NEW)		<u>6.4.4 If during or after the conduct of compliance monitoring, validation, and assessment, the Enforcement and Compliance Office or the Compliance Committee finds that a certain act or omission needs to be addressed immediately through remedial measures to mitigate or avoid its potential adverse effect in the WESM, the provision of Section 7.14 shall apply.</u>	Incorporated in compliance monitoring proceedings section the provision on remedial measures in (under investigation proceedings) by reference to Section 7.14.				Provisionally approved



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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT <i>6.4 – Validation and Assessment</i>	6.4.4	6.4.4 The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contain all the files and documents used in relation to its monitoring and assessment activity.	6.4.4 6.4.5 The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contains all the files and documents used in relation to its monitoring and assessment activity.	<ul style="list-style-type: none"> Minor - typo correction Renumbered as 6.4.5 (due to inserted provision above) 				Provisionally approved

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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.5 – Issuance of Report	6.5.1	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the penalty amounts, if any, as a result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is	For consistency with Section 6.4.3, i.e., within 45 days from the end of the calendar month covered in the monitoring				Provisionally approved

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		penalty amounts, if any, as a result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is subject of monitoring, as applicable; and e) be issued not later than the 15th day of the month following the	subject of monitoring, as applicable; and e) be issued not later than the 15th day of the month following the month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October <u>within the period stated in Section 6.4.3 of this Manual.</u>					

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		month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October.						
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.5 – Issuance of Report	6.5.2	If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and assessment, the report shall	If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and assessment, the report shall likewise be accompanied by a <i>Notice of Specified Penalty</i>. The service of <i>Notice of the Specified Penalty</i> and the	Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding,				Provisionally approved

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		likewise be accompanied by a <i>Notice of Specified Penalty</i> . The service of <i>Notice of the Specified Penalty</i> and the effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i> .	effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i> . <u>The penalty or sanction stated in the report shall be implemented following the procedures set forth in Section 9.5 of this Manual.</u>	<p>resolution or decision becomes final and executory.</p> <ul style="list-style-type: none"> ○ Current: Compliance Report and Notice of Specified Penalty – simultaneously issued ○ Proposed Revision: Compliance Report >> RR and/or Appeal >> Final and Executory >> Implementation of Enforcement Action 				

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				(through Notice of Specified Penalty)				
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.6	Reconsideration and/or Appeal	Reconsideration and/or Appeal of the Compliance Monitoring Findings	For clarity and clear distinction between Reconsideration under compliance monitoring and under investigation proceedings.				Provisionally approved
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT <i>6.6 Reconsideration and/or Appeal</i>	6.6.1	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <i>WESM Penalty Manual</i> .	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <i>WESM Penalty Manual</i> . out in Section 9 of this Manual.	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9)				Provisionally approved

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SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.7	Issuance of the Notice of Specified Penalty	Issuance of the Notice of Specified Penalty	<ul style="list-style-type: none"> Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory. 				Provisionally approved
6.7 Issuance of the Notice of Specified Penalty	6.7.1	The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i> .	The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i>.	<ul style="list-style-type: none"> A provision relating to this is added as new section under Section 9.5 – Implementation 				Provisionally approved

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				of Enforcement Actions				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.1	Investigations under this Manual refer to investigations which emanate from the request for investigations or notice of probable breach filed by the Market Operator, the System Operator, or other WESM Members. These do not include any	Investigations under this Manual refer to investigations which emanate from the request for investigations or notice of probable breach filed by WESM Members or WESM Governance Committee, or report of probable breach filed by the Market Operator, or the System Operator, or other WESM Members . These do not include any monitoring activities initiated by the Enforcement and Compliance itself which are	<ul style="list-style-type: none"> Minor – for clarity and for correction of terms “Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the				Provisionally approved

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		monitoring activities initiated by the Enforcement and Compliance itself which are already being dealt with under the preceding Section of this Manual.	already being dealt with under the preceding Section of this Manual.	<p>Glossary of the EC Manual.</p> <ul style="list-style-type: none"> Notice of Probable Breach – report by any WESM Member/W GC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules) 				

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				<ul style="list-style-type: none"> Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member. <p>Terms are NOT interchangeable</p>				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.2	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it has reasonable grounds to believe that a particular act or omission by any WESM Member, Market Operator, or	For consistency with Section 7.2.3 of the WESM Rules, <i>i.e.</i> , investigation of MO and SO shall be made upon endorsement or directive of the PEM				Provisionally approved

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		has reasonable grounds to believe that a particular act or omission by any <i>WESM Member, Market Operator, or System Operator</i> constitutes a probable breach of the <i>Market Rules</i> , and which is not otherwise included or covered by the compliance monitoring activities referred to in Chapter 6 of this Manual.	System Operator constitutes a probable breach of the Market Rules <u>or Market Manuals</u> , and which is not otherwise included or covered by the compliance monitoring activities referred to in Chapter 6 of this Manual.	Board. <i>Motu proprio</i> investigation will not apply to MO and SO.				



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

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			<u>within the two-year prescriptive period and while it was still a member thereof.</u>					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.8	Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the <i>notice</i>	<u>7.1.9</u> Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the notice investigation <u>within the period prescribed in Section 7.8</u> . The <i>PEM Board</i> , at its discretion and on written request by the <i>Enforcement and Compliance Office</i> , may	<ul style="list-style-type: none"> Renumbered as 7.1.9 (due to inserted provision) Revised to correct the period for issuance of the Investigation Report, <i>i.e.</i>, 150 days (not 2 years) 				Provisionally approved



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		<p><i>investigation. The PEM Board, at its discretion and on written request by the Enforcement and Compliance Office, may allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded pursuant to Section 7.10 and,</i></p>	<p>allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded pursuant to Section 7.10 and, for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the twenty-four month prescribed period, the <i>PEM Board</i> shall, upon request of the latter former, allow a longer period for the investigation to be completed.</p>					

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		for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the twenty-four-month period, the <i>PEM Board</i> shall, upon request of the latter, allow a longer period for the investigation to be completed.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.1	An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable	An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable breach or a request for investigation on the WESM Member that is subject of the investigation or	<ul style="list-style-type: none"> Removed – redundant with Section 7.2.2 which enumerates the trigger for investigation. 				Provisionally approved

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		breach or a request for investigation on the WESM Member that is subject of the investigation or upon a directive from the PEM Board, the DOE or ERC. The related procedures on investigation, such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the decisions, set	upon a directive from the PEM Board, the DOE or ERC. The related procedures on investigation, such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the decisions, set forth in Sections 7.3 to 7.12 of this Manual shall apply.	<ul style="list-style-type: none"> Replaced - 7.2.2 is proposed to be transferred as 1st sub-section under Section 7.2, with modification. 				

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		forth in Sections 7.3 to 7.12 of this Manual shall apply.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.2	A notice of investigation shall be issued upon either one of the following – a) A report of probable breach submitted by the System Operator or the Market Operator; or b) A request for investigation submitted by any WESM Governance Committee or any WESM Member; or	7.2.2 7.2.1 A notice of investigation shall be issued An investigation may be initiated upon either one of the following – a) A report of probable breach submitted by the System Operator or the Market Operator; or b) A request for investigation submitted by any WESM Governance Committee or any WESM Member; or c) A directive from the PEM Board, DOE or ERC specifically directing investigation for breach for possible imposition of sanctions under the WESM	<ul style="list-style-type: none"> Renumbered as Section 7.2.1 Revised to distinguish two (2) different processes, namely, (1) initiation of investigation and (2) issuance of notice of investigation. <ul style="list-style-type: none"> Initiation to refer to trigger for 				Provisionally approved



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		<p>c) A directive from the <i>PEM Board</i>, <i>DOE</i> or <i>ERC</i> specifically directing investigation for breach for possible imposition of sanctions under the <i>WESM Rules</i> or the <i>WESM Penalty Manual</i>; or</p> <p>d) Initiation of investigation by the <i>Enforcement and Compliance Office</i> in accordance with Section 7.1.2 of this Manual.</p>	<p><i>Rules</i> or the <i>WESM Penalty Manual</i>; or</p> <p>d) Initiation of investigation by the <i>Enforcement and Compliance Office</i> in accordance with Section 7.1.2 of this Manual.</p>	<p>investigation (Section 7.2 and 7.2.4)</p> <p>Note: Sections 7.2.5 to 7.2.11 – pertain to verification of RFI/report of probable breach/ directive or order to investigate</p> <p>o Notice of investigation – issued to formally</p>				

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				start investigation (after due verification and after giving due course to the filing for investigation) (Section 7.3)				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.3	7.2.3. If the Market Operator or the System Operator monitors the occurrence of probable breach by a WESM Member, it may submit to the Enforcement and Compliance	7.2.3. 7.2.2 If the Market Operator or the System Operator monitors the occurrence of probable breach by a WESM Member, it may submit to the Enforcement and Compliance Office a report of probable breach. This shall be in writing and shall clearly specify, at the minimum, –	Minor Renumbered as 7.2.2	-			Provisionally approved

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		<i>Office a report of probable breach. This shall be in writing and shall clearly specify, at the minimum, -</i> x x x	x x x					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.4	7.2.4. If a <i>WESM Governance Committee, WESM Member</i> or any party believes that a <i>breach</i> may have been committed by any <i>WESM Member</i> , it may submit a <i>request for investigation</i> to the <i>Enforcement and Compliance Office</i> . This shall	7.2.4. 7.2.3 If a <i>WESM Governance Committee, or a WESM Member</i> or any party believes that a <i>breach</i> may have been committed by any <i>WESM Member</i> , it may submit a <i>request for investigation</i> to the <i>Enforcement and Compliance Office</i> . This shall be in writing and shall clearly specify, at the minimum – x x x	Revised for consistency as to who can file a request for investigation. Deleted “any party” from the list – to limit the filing to WESM Members and WGCs only and to exclude Non-WESM Members.				Provisionally approved



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		be in writing and shall clearly specify, at the minimum – x x x						

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SECTION 76 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.5	7.2.5 A request for investigation or report of probable breach may cover more than one occurrence of the same type of breach. x x x	7.2.5 – 7.2.4 A request for investigation or report of probable breach may cover more than one occurrence of the same type of breach. x x x	Minor renumbered as Section 7.2.4				Provisionally approved

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.6	Immediately upon receipt of the report of probable breach or request for investigation, the Enforcement and Compliance Office shall determine whether the specific acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party	7.2.6 7.2.5 Immediately upon receipt of the report of probable breach or request for investigation, the Enforcement and Compliance Office shall <u>a) Determine whether the alleged act or omission pertains to a possible violation of the Market Rules and/or Market Manuals. If it pertains to a possible violation of the Philippine Grid Code, the Philippine Distribution Code, other rules and regulations which likewise govern or regulate the WESM or the WESM Member, it shall notify the party submitting the report of probable breach or request for investigation that the</u>	<ul style="list-style-type: none"> Renumbered as Section 7.2.5 Added a subsection (a) – to ensure that what is being filed is for a possible violation of Market Rules/Market Manuals only. This would prevent unnecessary efforts and time to investigate. 2nd item – renumbered as 	CC: Commented, as an internal reminder, that in such cases (beyond the scope and authority of ECO) should the matter be referred to the proper authority, i.e., ERC, DOE, etc		PEMC to CC: Noted. Covered already in PEMC-ERC Protocol and relevant provision on exclusion from scope of investigation (Sec. 5.1.3 of the EC Manual)	Provisionally approved

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		submitting the <i>report of probable breach</i> or <i>request for investigation</i> that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.	<p><u>request investigation is beyond the scope and authority of the Enforcement and Compliance Office and that no investigation shall thus be initiated.</u></p> <p><u>b) e) Determine whether the specific—alleged acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party submitting the <i>report of probable breach</i> or <i>request for investigation</i> that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.</u></p>	(b) under this Section.				

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.7	7.2.7 If the request for investigation or report of probable breach is not covered by a formal investigation initiated or intended to be initiated, the Enforcement and Compliance Office shall verify if the same substantially contains the information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to the	7.2.7 7.2.6 If the request for investigation or report of probable breach is not covered by a formal investigation initiated or intended to be initiated, is determined to be within the scope of authority and there is no separate or ongoing investigation being conducted for the same subject matter and involving the same parties. the Enforcement and Compliance Office shall verify further if the same substantially contains the information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to the	<ul style="list-style-type: none"> Renumbered as 7.2.6 Revised – for consistency with the preceding section. 				Provisionally approved



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		requesting party which shall then rectify the identified shortcomings and submit a new request for investigation or report of probable breach no later than five (5) business days from receipt of the notice from the Enforcement and Compliance Office. If no revision is received within the five-day period, the matter shall be deemed abandoned and	new request for investigation or report of probable breach no later than five (5) business days from receipt of the notice from the Enforcement and Compliance Office. If no revision is received within the five-day period, the matter shall be deemed abandoned and no investigation shall be initiated upon such request or report.					



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		no investigation shall be initiated upon such request or report.						

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

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.9	7.2.9 Where the conduct of an investigation is directed by the PEM Board, DOE or ERC, the Enforcement and Compliance Office shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a	7.2.9 Where the conduct of an investigation is directed by the PEM Board, DOE or ERC, the Enforcement and Compliance Office shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	Removed and transferred (with modification) as last item of sub-section on initiation of investigation for coherence.				Provisionally approved

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		different period is directed.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.10	7.2.10 The directive from the <i>PEM Board, DOE</i> or <i>ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if	7.2.10 7.2.8 The directive from the <i>PEM Board, DOE</i> or <i>ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if the directive clearly specifies that the investigation is for the purpose of a possible	Renumbered as 7.2.8				Provisionally approved



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

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		with the directive. In such case, the procedures set out in this Manual shall only have suppletory effect.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.11	7.2.11 Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE or ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section 7.2.8	7.2.11 7.2.9 Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE or ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section 7.2.8 7.3.1 shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .	<ul style="list-style-type: none"> Renumbered as Section 7.2.9 Minor – correction in the rule reference. 				Provisionally approved



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		shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .						

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.12	7.2.12 If the acts or omissions required to be investigated by the <i>PEM Board, DOE or ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity already initiated or intended to be initiated by the <i>Enforcement and Compliance Office</i> , it may, if appropriate, consolidate or	7.2.12 – 7.2.10 If the acts or omissions required to be investigated by the <i>PEM Board, DOE or ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity already initiated or intended to be initiated by the <i>Enforcement and Compliance Office</i> , it may, if appropriate, consolidate or integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties	<ul style="list-style-type: none"> Renumbered as Section 7.2.10. Removed the word preliminary. For clarity – to avoid misconception that the notice of investigation to be issued after due verification is not yet the formal notice of investigation. Also, for consistency – notice of investigation – 				Provisionally approved

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		integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties being investigated of such consolidation or the results of the previous	being investigated of such consolidation or the results of the previous compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of investigation</i> shall be issued.	term used to refer to the formal notice of investigation, as defined in the Glossary of the EC Manual.				

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		compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of Investigation</i> shall be issued.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	(New)		<u>7.2.11 The foregoing verification process shall be completed within five (5) business days from receipt of request for investigation, report of probable breach, directive, or order to investigate, or clarification to investigate under Section 7.2.9.</u>	Added to provide timeline within which the RFI verification is made.				Provisionally approved

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation		7.2.9 Where the conduct of an investigation is directed by the PEM Board, DOE or ERC, the Enforcement and Compliance Office shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a	7.2.9 7.2.12 Where the conduct of an investigation is directed by the PEM Board, DOE or ERC, the if after due verification, the Enforcement and Compliance Office determines that the request for investigation, report of probable breach, directive or order to investigate is in accordance with the requirements set out in this Manual, it shall initiate give due course thereto and proceed with the formal investigation by issuing a notice of investigation in accordance with Section 7.3 , this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any	<ul style="list-style-type: none"> For coherence, this Section is proposed to be transferred as last item under this sub-section. Renumbered as Section 7.1.12. Revised to refer to the succeeding sections on issuance of a notice of investigation (which already includes timeline and procedures) – 				Provisionally approved

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		different period is directed.	such other document containing the directive, unless a different period is directed.	to avoid redundancy.				
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.3 Notice of Investigation	7.3.1	The <i>Preliminary Notice of Investigation</i> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i> ,	The <i>Preliminary Notice of investigation</i> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i> the completion of the verification process as set out in Section 7.2.11.	Revised – to set the reckoning of the 5-day period to issue Notice of Investigation from the completion of the RFI verification process. For clarity				Provisionally approved

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.7 Completion of Formal Investigation	7.7.1	The formal investigation shall be completed not later than one hundred fifty (150) business days from the receipt of the request for investigation as endorsed by the requesting party.	The formal investigation shall be completed not later than one hundred fifty (150) business days from the receipt of the request for investigation as endorsed by the requesting party <u>issuance of a notice of investigation under Section 7.3 of this Manual.</u>	Revised – to set the reckoning of the 150-day period to conclude the report, <i>i.e.</i> , from issuance of notice of investigation (as this officially starts the investigation); instead of counting it from receipt of RFI which, based on the RFI verification process, may not necessarily ripen to an investigation)				Provisionally approved

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.8 Review of Investigation	7.8.1	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> on its next scheduled meeting after the receipt of the investigation report. The review report of the <i>Compliance Committee</i> shall be submitted to the <i>PEM Board</i> together with the investigation report of the <i>Enforcement and</i>	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> on <u>in</u> its next scheduled meeting after the receipt of the investigation report. The review report <u>resolution</u> of the <i>Compliance Committee</i> shall be submitted to the <i>PEM Board</i> together with the investigation report of the <i>Enforcement and Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.	Minor – correction of terms; and for consistency in the use of terminologies throughout the Manual. Note: ECO issues the <u>report</u> , <i>i.e.</i> , investigation report (or case review report after RR). CC, on the other hand, issues a <u>resolution</u> (not a report) adopting/not adopting the report of ECO.				Provisionally approved



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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		<i>Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.						

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.8 Review of Investigation	7.8.2	The review report of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance</i>	The review report resolution of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance Office</i> for further investigations.	Minor – correction of terms; same as above comment.				Provisionally approved



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		Office for further investigations.						
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	7.9.1	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the review report of the <i>Compliance Committee</i> , render a decision approving,	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the review report resolution of the <i>Compliance Committee</i> , render a decision approving, disapproving or modifying the sanctions, remedial measures, and other recommendations or	Minor – correction of terms; same as above comment.				Provisionally approved



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		disapproving or modifying the sanctions, remedial measures, and other recommendations or remanding the case to the <i>Enforcement and Compliance Office</i> for further investigation.	remanding the case to the <i>Enforcement and Compliance Office</i> for further investigation.					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	(New)		<u>7.9.2 If the case is remanded by the PEM Board to the Enforcement and Compliance Office and the latter, after further investigation, submits its revised investigation report, the PEM Board shall render its final decision within the same period specified in the preceding Section.</u>	For clarity – the PEM Board, if it decides to remand the case, shall deliberate on it again after the revised investigation report is submitted to it by ECO.				Provisionally approved
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	7.9.2	7.9.2 The copy of the PEM Board decision on the investigation, accompanied by a copy of the Investigation Report of the Enforcement and Compliance	7.9.2 <u>7.9.3</u> The copy of the PEM Board's <u>final</u> decision on the investigation, accompanied by a copy of the Investigation Report of the Enforcement and Compliance Office, and the Review Report <u>Resolution</u> of the Compliance Committee, upon which the decision is	For clarity – those copies of IR (that has been finally decided by PEM Board) shall be issued to the party investigated.				Provisionally approved

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		<i>Office, and the Review Report of the Compliance Committee, upon which the decision is based, shall be provided to the concerned trading participant or the party being investigated.</i>	based, shall be provided to the concerned trading participant or the party being investigated.					
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.10 Remand of Cases	7.10.2	Within five (5) working days from receipt of the notice of the remand, the <i>Enforcement and Compliance Office</i> shall notify the party investigated of the remand and the reasons	Within five (5) working days from receipt of the notice of the remand, the <i>Enforcement and Compliance Office</i> shall notify the party investigated of the remand and the reasons therefor. If the investigation was initiated upon a <i>request for investigation</i> or a <i>notice of probable breach</i>, the parties that submitted the same shall	Removed the obligation of ECO to notify the party being investigated that the case was remanded to ECO. Note that at this stage of the proceedings (where there is remand), the party being				Provisionally approved

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		therefor. If the investigation was initiated upon a <i>request for investigation</i> or a <i>notice of probable breach</i> , the parties that submitted the same shall likewise be notified of the remand.	likewise be notified of the remand.	investigated has not received the IR or has not been notified yet of the PEM Board action. Thus, it would be premature for the party to be informed of the remand. Furthermore, remand should be internal between or among the PEM Board, the CC, and ECO as there is no finality yet as regards the decision.				

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



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		on was filed; or b. upon issuance of the resolution on the Request for Reconsideration by the PEM Board.						

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.12 Notice and Implementation of the PEM Board Decision	7.12.2	7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the <i>PEM Board</i> , through its Corporate Secretary, shall immediately notify the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> and the concerned parties of its decision or resolution. The Corporate Secretary of the	7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the 7.12.1 The PEM Board , through its Corporate Secretary, shall immediately notify the Enforcement and Compliance Office, the Compliance Committee and the concerned parties of its decision or resolution. The Corporate Secretary of the PEM Board shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of PEM Board. of its decision or the action taken by PEM Board on a particular investigation case by issuing a certification in relation thereto within five (5) business days from the	Revised to include timeline within which to issue the Secretary's Certificate relative to the decision of the Board. Renumbered as 7.12.1				Provisionally approved



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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		PEM Board shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of PEM Board.	<u>ratification of the PEM Board resolution.</u>					

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.12 Notice and Implementation of the PEM Board Decision	7.12.3	7.12.3 The <i>Enforcement and Compliance Office</i> shall thereafter take the following actions – a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the <i>WESM Penalty Manual</i> . b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due.	7.12.3 <u>7.12.2 Within ten (10) business days from the receipt of the certification of PEM Board resolution on investigation,</u> the <i>Enforcement and Compliance Office</i> <u>in support to the PEM Board's responsibility under the WESM Rules,</u> shall thereafter take the following actions – a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the WESM Penalty Manual. b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due. <u>a. Issue the notice of action taken by the PEM Board to</u>	<ul style="list-style-type: none"> • Provided timeline for the issuance of the Notice of PEM Board Action to the WESM Member • Deleted item (a) – in line with the proposal on exhaustion of remedies. NSP to be issued only when finding or decision becomes final and executory. • Deleted item (b) – in line with the proposal to 				Provisionally approved

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		<p>c) Where remedial measures are required, cause the implementation of the same in accordance with Section 7.14.</p> <p>d) Notify the <i>Compliance Committee</i>, ERC, and DOE of the action taken on the investigation. The notification submitted shall serve as a compliance with the obligation of the <i>PEM Board</i> set out in <i>WESM</i></p>	<p><u>the concerned WESM Member, which notice shall be accompanied by the Investigation Report and all its appendices. Said notice shall be signed by the President of the WESM Governance Arm.</u></p> <p>e) b. Where remedial measures are required, cause the implementation of the same in accordance with Section 7.14.</p> <p>d) c. Notify the <i>Compliance Committee</i>, ERC, and DOE of the action taken on the investigation. The notification submitted <u>under this Section</u> shall serve as a <u>the</u> compliance with the <u>obligation</u> of the <i>PEM Board</i> with the obligation set out in</p>	<p>transfer the collection responsibility from IEMOP to PEMC</p> <ul style="list-style-type: none"> Added provision requiring the transmittal of the copy of IR – together with the Notice of PEM Board Action – as this will serve as the basis for filing a request for reconsideration , in case the WESM Member 				



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		<i>Rules</i> Clause 1.4.5.1 (e).	<i>WESM Rules</i> Clause 1.4.5.1 (ef).	<p>decides to file one.</p> <ul style="list-style-type: none"> Others – minor – correction in rule reference. 				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.13 Investigation of the Market Operator and/or the System Operator	7.13.12	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Section 7.9.	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Sections 7.9 and 7.12 .	Minor –added a rule reference. <ul style="list-style-type: none"> Section 7.9 – copies of decision Section 7.12 (Notice and Implementation of the <i>PEM Board Decision</i>) 				Provisionally approved
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.14 Remedial Measures	7.14.1	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or	Revised to extend the imposition of remedial measures to a party other than the <i>WESM Member</i> that is being monitored or investigated, as may be appropriate.				Provisionally approved



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		adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or omission subject of the investigation may – a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or	omission subject of the investigation may – a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or unreasonable <i>WESM</i> prices; c) Cause material negative impact on the viability and sustainability of the <i>WESM</i> or the functions of the <i>Market Operator</i> if not immediately remedied; or d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied.					



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		unreasonable WESM prices; c) Cause material negative impact on the viability and sustainability of the WESM or the functions of the <i>Market Operator</i> if not immediately remedied; or d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied.	<u>If the remedial measures are of such nature that would require participation or implementation on the part of another WESM Member or the Market Operator, the same shall likewise be governed by the succeeding provisions of this Manual.</u>					

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.14 Remedial Measures	7.14.3	A <i>WESM Member</i> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> or the <i>PEM Board</i> .	A <i>WESM Member</i> <u>or the <i>Market Operator</i></u> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> or the <i>PEM Board</i> .	Revised to cover instances where MO plays an integral part in addressing a concern. Same for SO but SO is already a WESM Member.				Provisionally approved

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.15 Costs	7.15.2	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue requirements of the PEMC <i>WESM Governance Arm</i> which shall be defrayed through the market fees.	Minor – for consistency with the terminology used in the Market Rules and Market Manuals				Provisionally approved



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		requirements of the PEMC which shall be defrayed through the market fees.						

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(NEW)			<u>SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS</u>	<p>Added a new section with title "RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS"</p> <p>Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual.</p> <p>The remedies available like Request for Reconsideration and Appeal are</p>	<p>ACEN:</p> <p>Typo error in Rationale</p>	<p>ACEN:</p> <p>The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof</p>	<p>PEMC to ACEN:</p> <p>Noted.</p>	Provisionally approved



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				<p>proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.</p>				

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.1. Reconsideration Under the Compliance Monitoring and Assessment Proceedings</u></p> <p><u>9.1.1 Period and Ground for Filing a Request for Reconsideration. The concerned WESM Member may request for reconsideration of the results of the compliance monitoring and assessment, subject to the following conditions:</u></p> <p><u>a. The request shall be filed within fifteen (15) Business Days from the receipt of the said compliance monitoring and assessment report;</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ When RR should be filed ○ Where it should be filed ○ Reason or ground for filing 				Provisionally approved



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			<p>b. <u>A request for reconsideration shall be based on the ground that the finding of <i>breach</i> is not supported by substantial evidence; and/or the computation is incorrect, or the penalties imposed are not in accordance with the <i>Penalty Manual</i> and <i>Market Rules</i>;</u></p> <p>c. <u>The request for reconsideration shall be filed with the <i>Enforcement and Compliance Office</i>.</u></p>					

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.1.2 Form and Contents of the Request for Reconsideration and Notice thereof. The request shall:</u></p> <p>a. <u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></p> <p>b. <u>State the date when the compliance monitoring and assessment report sought to be considered was received by the WESM Member;</u></p> <p>c. <u>State that the findings of breach by the Enforcement and</u></p>	To provide guidelines as to form and contents of RR				Provisionally approved



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			<p><u>Compliance Office is not supported by substantial evidence, and/or the computation is incorrect, or the penalties imposed are not in accordance with the <i>Penalty Manual</i> and <i>Market Rules</i>; and</u></p> <p>d. <u>Contain the evidence to support the reversal of the findings of breach by the Enforcement and Compliance Office.</u></p> <p><u>Failure to provide the complete requirements pursuant to this clause shall cause the Enforcement and Compliance Office to immediately deny the</u></p>					



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			<u>request</u> for <u>reconsideration.</u>					

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.1.3. Resolution on the Request for Reconsideration.</u></p> <p>a. <u>A request for reconsideration shall be resolved by the Enforcement and Compliance Office within sixty (60) Business Days from receipt thereof. This shall be done through a Resolution which shall clearly state the facts of the case and the reasons supporting its findings and conclusions. The Resolution shall be signed by the Head of the Enforcement and Compliance Office. A copy of the Resolution</u></p>	To provide guidelines as to – <ul style="list-style-type: none"> Timeline to resolve Notification of the results 	<p><u>APC:</u></p> <p>For A, What will be the effect if the 60 days has already lapsed?</p> <p>For B, retain the original.</p> <p>"b) Copies of the Resolution will be furnished to the PEM Board, the Compliance Committee, and the Market Operator.</p>		<p><u>PEMC to APC:</u></p> <p>For (a): The delay by ECO will not nullify the resolution of the RR, but ECO shall explain to CC the cause/s of delay in the issuance of the Resolution since the latter has oversight function over ECO.</p>	Provisionally approved

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			<p><u>shall be served on the concerned WESM Member.</u></p> <p>b. <u>Copies of the Resolution will be furnished to the PEM Board and the Compliance Committee. Should this Resolution require implementation of a directive on the part of the Market Operator and/or the System Operator, a copy of said notice shall likewise be sent to the System Operator and/or Market Operator for appropriate action.</u></p>		<p>Should this Resolution require implementation of a directive on the part of the System Operator, a copy of said notice shall likewise be sent to the System Operator and/or Market Operator for appropriate action."</p>		<p>CC oversees the processes of ECO under Sec. 1.8.2 (b) of the WESM Rules.</p> <p>For (b): No change from original provision (transferred from Sec. 4.12.1.3 of the Penalty Manual)</p>	

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2 Reconsideration Under the Investigation Proceedings</u></p> <p><u>9.2.1 Ground for Filing a Request for Reconsideration. A WESM Member that is penalized under Section 7.9 of this Manual may submit a request for reconsideration of the PEM Board decision on the investigation on the following grounds –</u></p> <p><u>a. Review of the findings of facts of the Enforcement and Compliance Office or for consideration of additional data that was already existing at the time of the original</u></p>	To provide guidelines as to ground for filing RR with the PEM Board (in case the subject case emanated from the request for investigation, report of probable breach, directive or order to investigate)				Provisionally approved



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			<p><u>investigation but was not presented during such investigation due to justifiable reasons; or</u></p> <p>b. <u>Legal issues, including but not limited to issues on the conclusions of the Enforcement and Compliance Office or the Compliance Committee, but does not require review of factual findings, or the propriety of the penalty or other measures approved to be imposed by the PEM Board.</u></p>					

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2.2 Form and Contents.</u> <u>The request for reconsideration shall:</u></p> <p>a. <u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></p> <p>b. <u>Clearly state the grounds for the request for reconsideration and the findings of facts or the conclusions or resolution that are sought to be reviewed and reconsidered. The request shall be accompanied by supporting data and affidavits;</u></p>	To provide guidelines as to the form and content of the RR				Provisionally approved



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			<p>c. <u>Contain the evidence to support the request for reconsideration; and</u></p> <p>d. <u>Be submitted to the PEM Board, through the Office of the Corporate Secretary within fifteen (15) Business Days from receipt of the notice of the PEM Board action.</u></p> <p><u>All requests that were timely filed will be immediately endorsed to the Enforcement and Compliance Office for further investigation.</u></p>					

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			9.2.3 <i>Reconsideration Proceedings.</i> a. <u>The Enforcement and Compliance Office shall evaluate the endorsed request and carry out further investigations. In conducting further investigations, the Enforcement and Compliance Office may require submission of additional information or obtain information from parties other than the requesting party or conduct an ocular inspection of relevant facilities or conference with the requesting party or other relevant parties.</u>	To provide guidelines as to – <ul style="list-style-type: none"> ○ How the reinvestigation should be conducted ○ Timeline to complete the reinvestigation ○ Timeline for review of the report and submission to the Board 				Provisionally approved



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			<p><u>b. Within sixty (60) Business Days from endorsement of the request for reconsideration, the Enforcement and Compliance Office shall submit a case review report to the Compliance Committee containing the additional findings of fact, assessment, and recommendations.</u></p> <p><u>The Compliance Committee shall review the report submitted by the Enforcement and Compliance Committee and shall submit its resolution and recommendations to the PEM Board within thirty (30) business days from receipt of the case review report.</u></p>					



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			<p><u>9.2.4 Resolution on the Request for Reconsideration.</u></p> <p><u>a. The PEM Board shall decide on the request for reconsideration within thirty (30) Business Days from receipt of the case review report and resolution submitted by the Compliance Committee.</u></p> <p><u>b. The decision of the PEM Board on the request for reconsideration shall be served upon the concerned WESM Member and the party filing the request for investigation. No further request for</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ Timeline to decide on the RR ○ Notification of the results 				Provisionally approved

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			reconsideration or appeal shall be allowed.					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			9.3 Appeal 9.3.1 The Resolution issued by the Enforcement and Compliance Office under Section 9.1.3 may be appealed by the concerned WESM Member by filing an Appeal Memorandum with the Compliance Committee within fifteen (15) Business Days from receipt of the resolution on the Request for Reconsideration.	To provide guidelines as to – <ul style="list-style-type: none"> ○ When Appeal can be filed. ○ How it is filed ○ When it should be filed 				Provisionally approved



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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.3.2 Ground for Appeal. The appeal shall be based only on the ground that the Enforcement and Compliance Office has committed abuse of discretion in issuing the resolution, or the penalty/ies the Enforcement and Compliance Office had imposed is not in accordance with this Manual.</u>	To provide guidelines as to the ground for appeal.				Provisionally approved

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.3.3 Form and Contents of the Appeal</u></p> <p>a. <u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></p> <p>b. <u>State the date when the resolution being appealed was received by the WESM Member; and</u></p> <p>c. <u>Explain how the Enforcement and Compliance Office committed an abuse of discretion in issuing the</u></p>	To provide guidelines as to the form and content of appeal.				Provisionally approved



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			<p><u>Resolution or that the penalty/ies imposed by the Enforcement and Compliance Office is not in accordance with this Manual.</u></p> <p><u>Failure on the part of the WESM Member concerned to provide the foregoing requirements shall cause outright dismissal of the appeal by the Compliance Committee.</u></p>					

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			<p><u>9.3.4 Decision on the Appealed Case.</u></p> <p>a. <u>The Compliance Committee shall resolve the appealed case within thirty (30) business days from receipt of the original records of the case by issuing a decision duly signed by its Chairperson.</u></p> <p><u>A copy of the decision shall be served on the concerned WESM Member, the Enforcement and Compliance Office and the PEM Board. If the decision requires implementation of a directive on the part of the Market Operator or the</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ Timeline to decide on appealed case. ○ Notification of decision 				Provisionally approved



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			<u>System Operator, a copy of said Decision shall likewise be sent to the System Operator for appropriate action.</u>					



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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.4 Service of Request for Reconsideration, Appeal, and Decision</u> <u>The filing or service of Request for Reconsideration, Appeal, and the resolutions or decisions made in relation thereto, may be made by personal service, postal mail, or by electronic mail.</u>	To provide guidelines as to the form of transmittal, submission, or service of the documents relative to RR and Appeal.				Provisionally approved

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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.5. Implementation of the Enforcement Actions</u></p> <p><u>9.5.1 Subject to the provisions set out in Sections 9.5.2 and 9.5.3, the appropriate enforcement action relative to a finding of breach shall be implemented through the issuance of a Notice of Specified Penalty. The penalty or sanction for breach of the Market Rules or Market Manuals may nonetheless be enforced against a former WESM Member despite cessation of, or change in, its membership in the WESM provided that the act or omission</u></p>	<ul style="list-style-type: none"> To clarify that implementation of enforcement action is done through issuance of NSP. To add provision on jurisdictional matter in terms of enforcement of action involving a former WESM Member which committed breach during the time that it was still a member of the WESM. This 				Provisionally approved



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			<u>constituting a breach was committed within the two-year prescriptive period and while it was still a member thereof.</u>	<p>will also address the provisions under Section 4.11 and 4.12 of the DOE Circular DC2023-07-0022.</p> <p>"4.11 Within sixty (60) calendar days from receipt and evaluation of the complete documentary requirements as</p>				



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				<p>provided in Section 4.8 of this Circular, the DOE shall issue the LOC to the applicant. The issuance of the LOC shall not preclude the ERC and other government agencies or instrumentalities from exercising</p>				



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				<p>their authority and mandate over the GenCo. <u>It shall also not absolve the GenCo from any claims of any entity.</u></p> <p>4.12 Upon the effective date of the mothballing period, the following COC terms and</p>				



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				WESM deregistration shall apply: 4.12.1 Automatic termination of the COC and outright deregistration				



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				from the WE SM for Tota l Gen erati ng Plan t Mot hbal ling; or 4.12.2 For Part ial Gen erati ng Unit				



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				Not hbal ling, the Gen Co shall apply for the amendment of the CO C with the ER C and				



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				the corresponding changes to its WESM registration with the MO.				



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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.5.2 The Notice of Specified Penalty shall be issued by the WESM Governance Arm to the concerned WESM Member within five (5) business days from the date that the finding of breach or the resolution or decision on a case becomes final and executory.</u>	To clarify that NSP shall be issued only after a finding, decision, or resolution has become final and executory.				Noted DTD: Review abbreviations



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(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.5.3 The finding, resolution or decision relating to compliance monitoring or investigation case becomes final and executory –</u></p> <p>a. <u>Upon the lapse of the period to file the Request for Reconsideration and no Request for Reconsideration is perfected.</u></p> <p>b. <u>Upon issuance of the resolution on Request for Reconsideration by the Enforcement and Compliance Office relative to a case emanating from compliance monitoring</u></p>	To provide guidelines as to when a finding, decision or resolution is considered final and executory.				Noted



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



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			<u>the Market Operator, or the System Operator.</u>					
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION			<u>9.5.4 The provisions relating to the service of Notice of Specified Penalty as well as the impact of non-payment of penalties and/or interest are provided in the WESM Penalty Manual.</u>	To provide reference to the provisions of the Penalty Manual on the service of NSP and the impact of non-payment of penalty and interest				Noted

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OF ENFORCEMENT ACTIONS								
SECTION 9 - WESM MEMBER INTERNAL COMPLIANCE			SECTION 9 <u>10</u> - WESM MEMBER INTERNAL COMPLIANCE	Renumbered Section 9 (including its sub-sections) as Section 10				Noted
SECTION 10 - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT			SECTION 10 <u>11</u> - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT	Renumbered Section 10 (including its sub-sections) as Section 11				Noted
SECTION 11 - LIMITATION OF LIABILITY AND INDEMNIFICATION			SECTION 11 <u>12</u> - LIMITATION OF LIABILITY AND INDEMNIFICATION	Renumbered Section 11 (including its sub-				Noted

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				sections) as Section 12				
SECTION 12 – AMENDMENT, PUBLICATION AND EFFECTIVITY			SECTION 1213 – AMENDMENT, PUBLICATION AND EFFECTIVITY	Renumbered Section 12 (including its sub-sections) as Section 13				Noted
SECTION 13 GLOSSARY		Enforcement and Compliance Office -The unit created within PEMC pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include	SECTION 1314 – GLOSSARY Enforcement and Compliance Office -The unit created within <u>PEMC the <i>WESM Governance Arm</i></u> pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include monitoring, assessment and	Renumbered Section 13 (including its sub-sections) as Section 14 Minor – for consistency with the terminology used in the Market Rules and Market Manuals.				Noted



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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		monitoring, assessment and investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i> .	investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i> .					
SECTION 13 GLOSSARY		Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the	SECTION 13 GLOSSARY - Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the	Renumbered Section 13 (including its sub-sections) as Section 14 Revised to add reconsideration and appeal proceedings				Noted

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WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
		corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment, investigation and imposing enforcement actions.	corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment, investigation, reconsideration and appeal proceedings , and imposing imposition of enforcement actions.	as essential enforcement activities in determining breach of the Rules.				
SECTION GLOSSARY	13	Notice of investigation- Formal notice issued by the Enforcement and Compliance Office to a WESM Member to initiate investigation for possible breach.	SECTION 14 - Notice of Investigation – Formal notice issued by the <i>Enforcement and Compliance Office</i> to a <i>WESM Member</i> to initiate an	Renumbered Section 13 (including its sub-sections) as Section 14 For clarity				Noted

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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
			a formal investigation for possible <i>breach</i> .					
SECTION GLOSSARY	13 (NEW)		SECTION 4314 - GLOSSARY <u>Notice of Probable Breach - Written report submitted by any WESM Member or WESM Governance Committees to notify the PEM Board of a probable breach by the Market Operator or System Operator.</u>	Renumbered Section 13 (including its sub-sections) as Section 14 To provide clear definition of Notice of Probable Breach in reference to Section 7.2.3 of the WESM Rules; and to have clear				Noted



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WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
				distinction from "Report of Probable Breach" which is also defined in the EC Manual. ○ Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules)				



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WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
				<ul style="list-style-type: none"> Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member. <p>Terms are NOT interchangeable.</p>				

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WESM Manual on Enforcement and Compliance, Issue 1.0

Title	Section	Original Provision	Proposed Amendment	Rationale	Comment	Proposed Re-wording based on Comment	Original Proponent's Response	RCC Decision
APPENDICES I and II		(Table Form)	<p>(See attached Process Flowcharts)</p> <p>Appendix I – Compliance Monitoring and Assessment Process</p> <ul style="list-style-type: none"> • I-A: CMA – MONITORING, VALIDATION, AND REPORTING PROCESS FLOWCHART • I-B: CMA-RECONSIDERATION PROCESS FLOWCHART • I-C: CMA-APPEAL PROCESS FLOWCHART • I-D: CMA-IMPLEMENTATION OF ENFORCEMENT 	Replaced with Process Flowcharts – to align with the revised processes				Noted



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

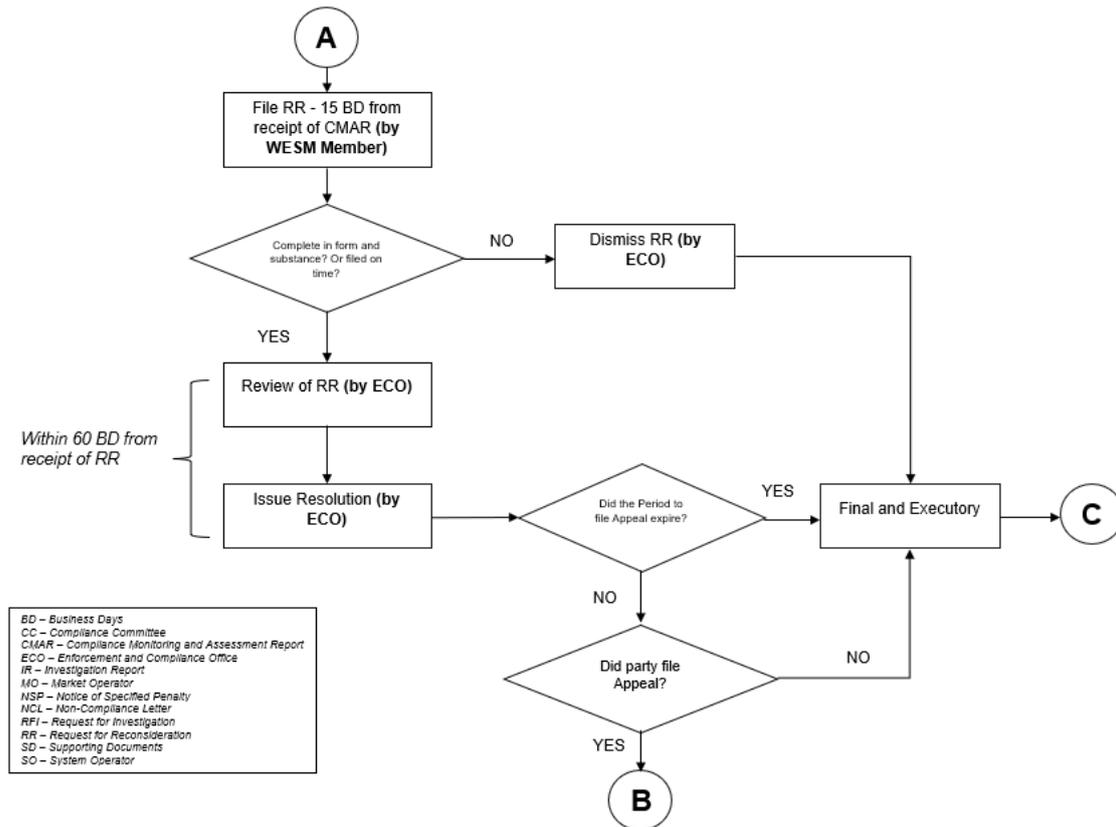


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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

APPENDIX I-B: CMA – RECONSIDERATION PROCESS FLOWCHART





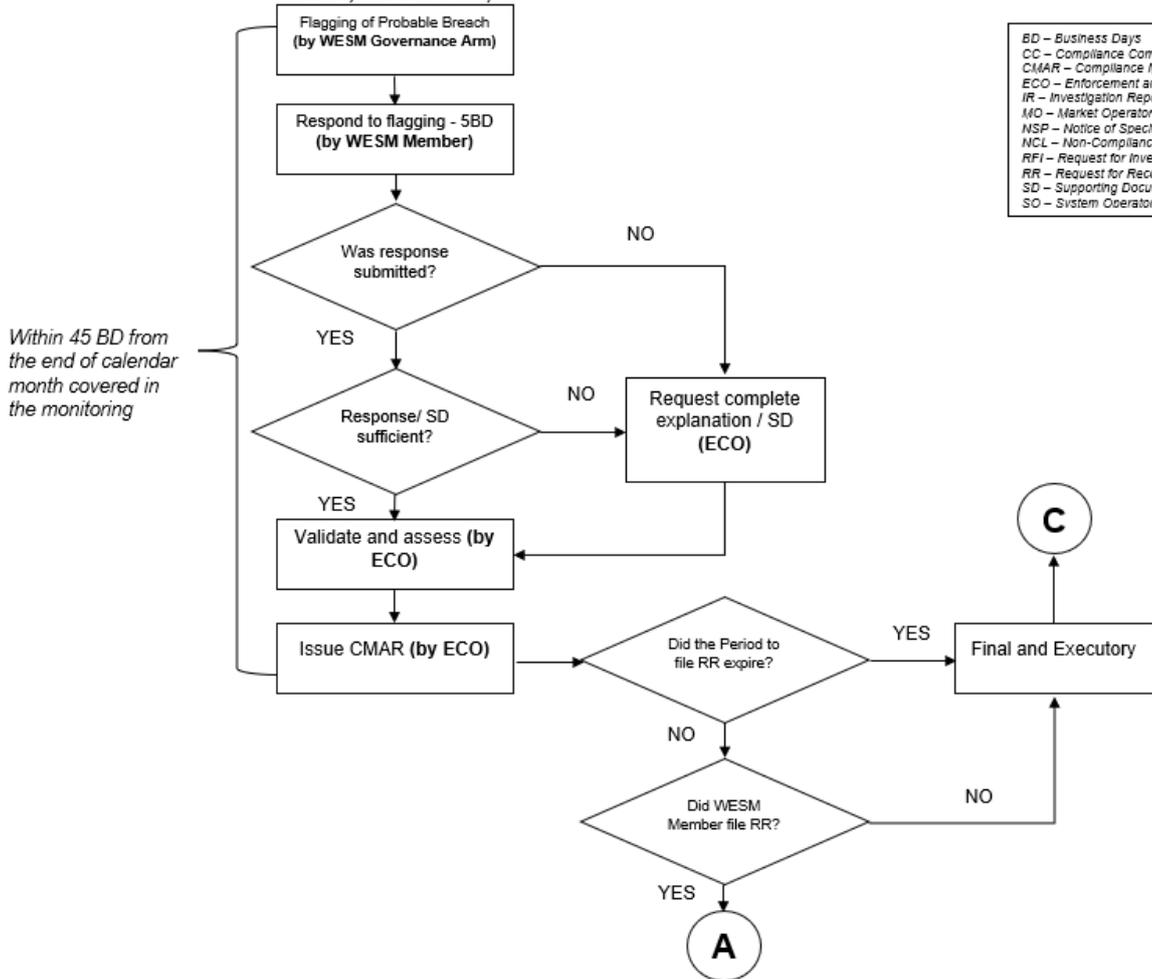
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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

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

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



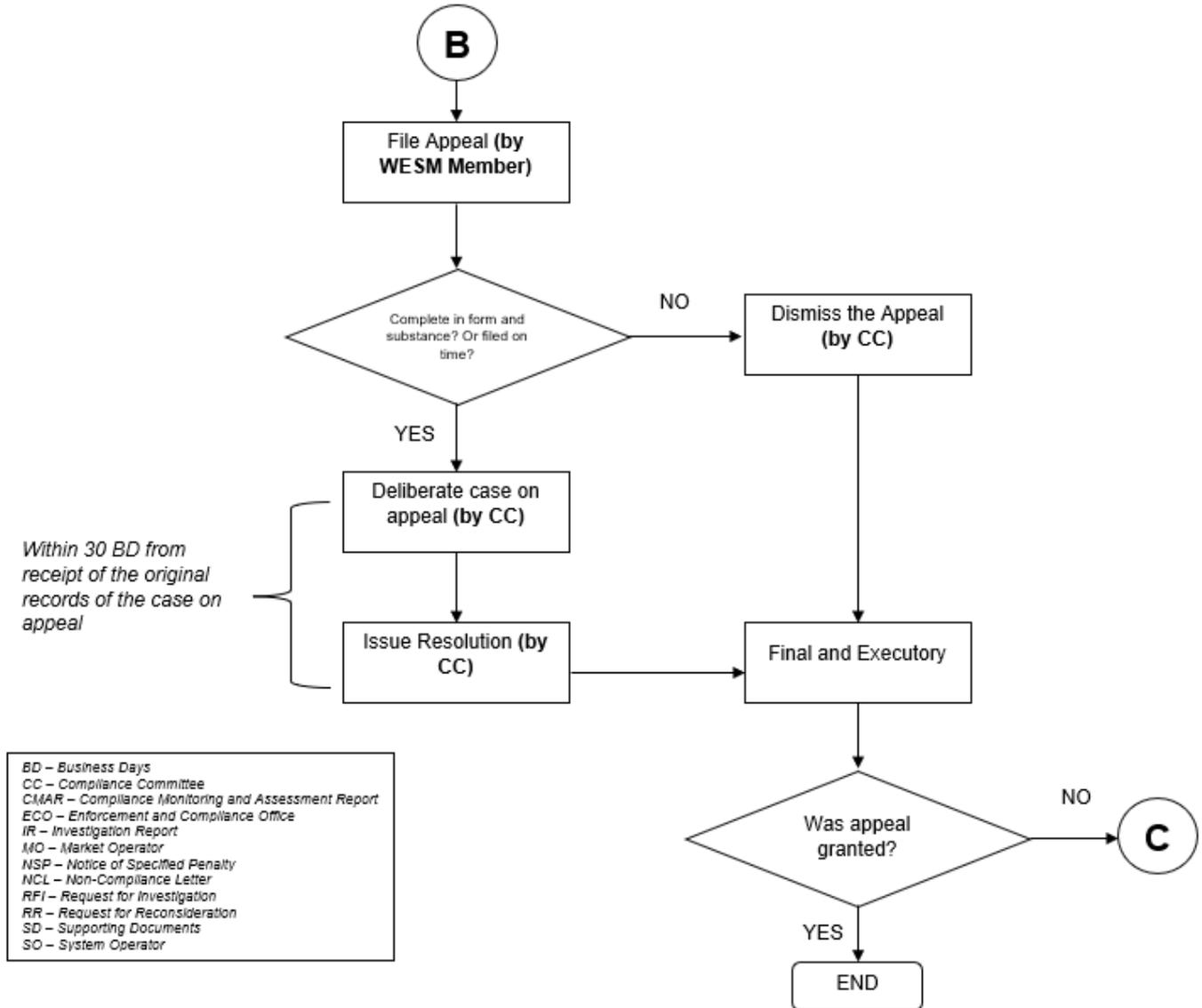


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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

APPENDIX I-C: CMA – APPEAL PROCESS FLOWCHART



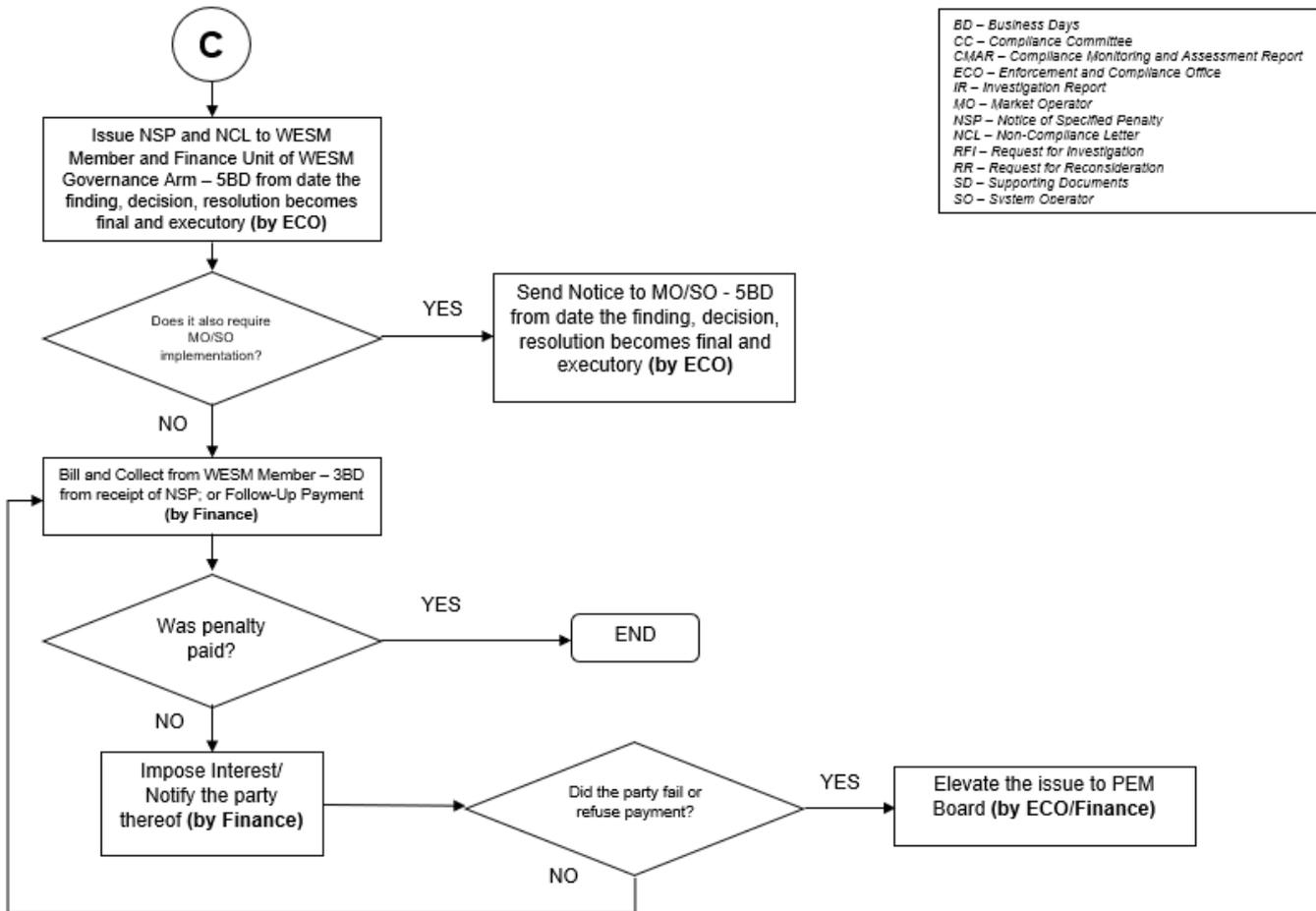


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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

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



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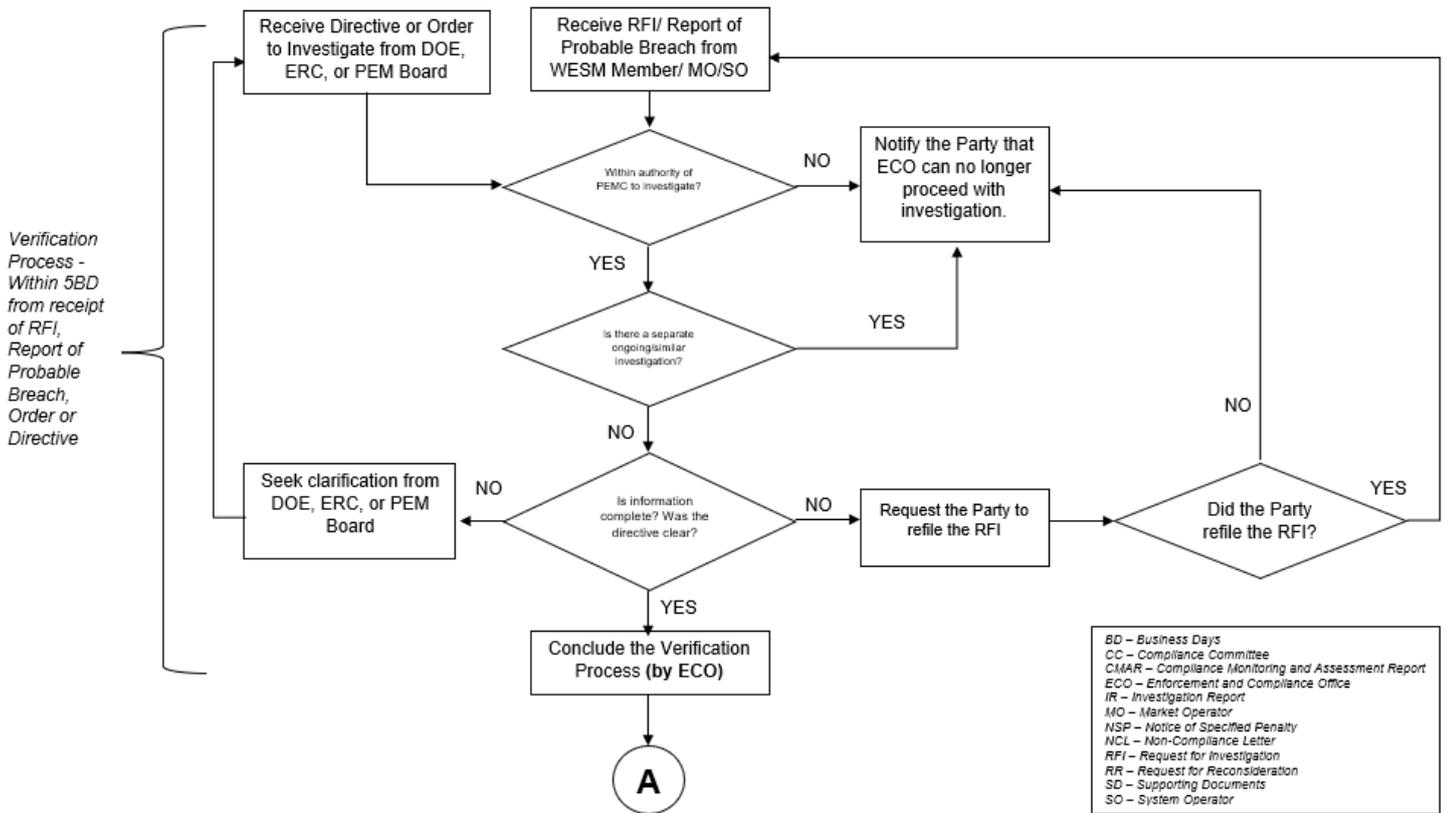


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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

APPENDIX II-A: INVESTIGATION – RFI VERIFICATION PROCESS FLOWCHART





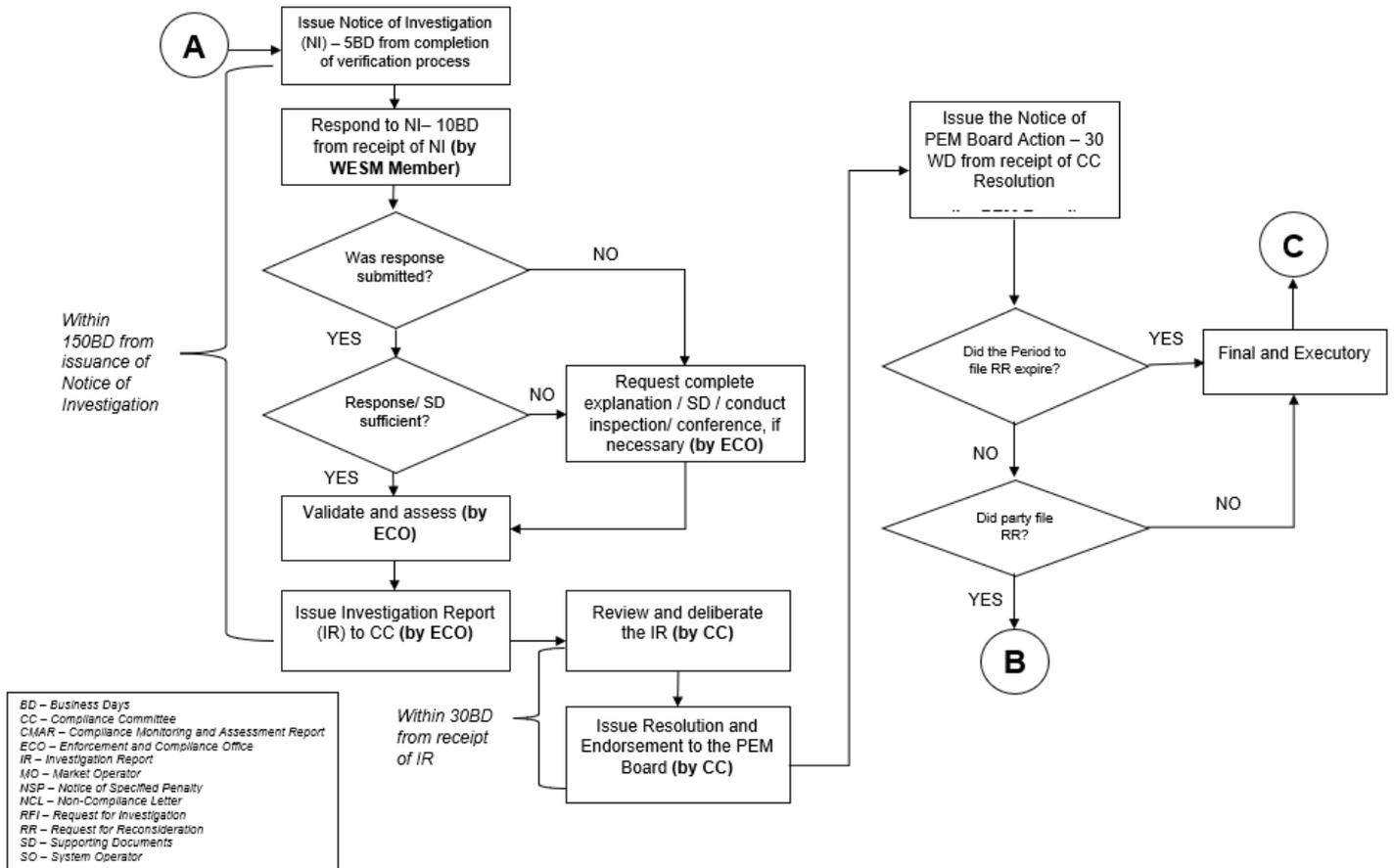
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APPENDIX II-B: INVESTIGATION – FORMAL INVESTIGATION PROCESS FLOWCHART



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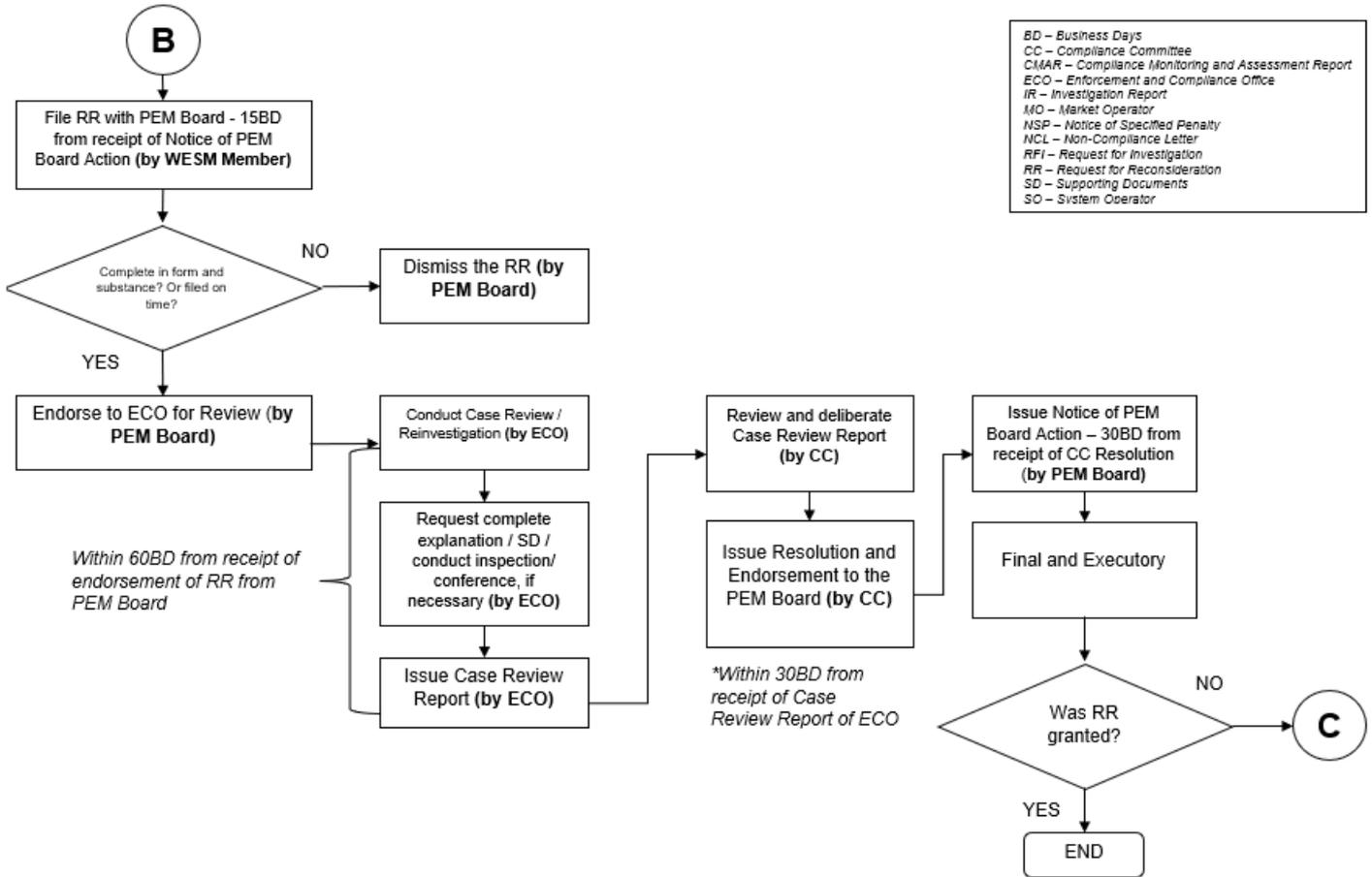


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APPENDIX II-C: INVESTIGATION – RECONSIDERATION PROCESS FLOWCHART



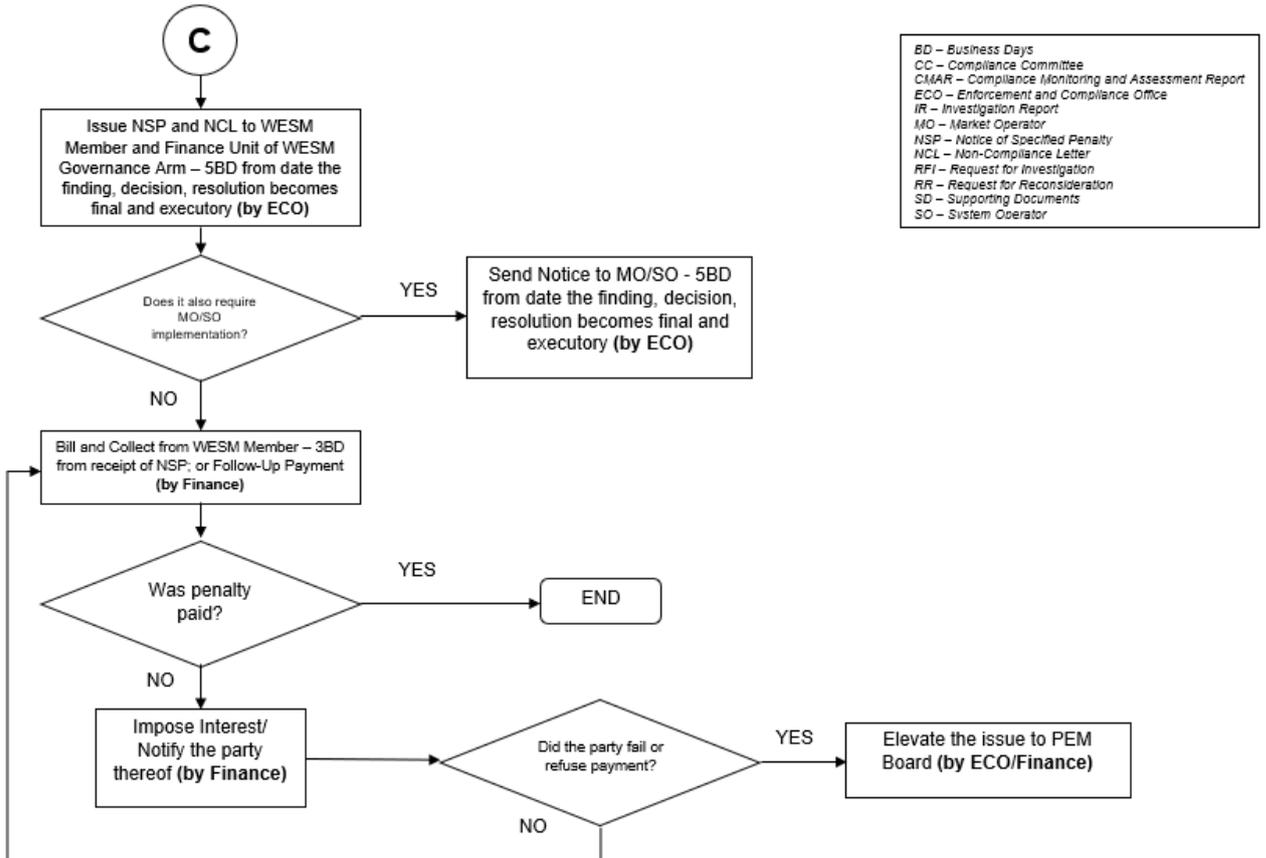


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Annex E – Matrix on Proposed amendments to the Penalty and Enforcement and Compliance Manual

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



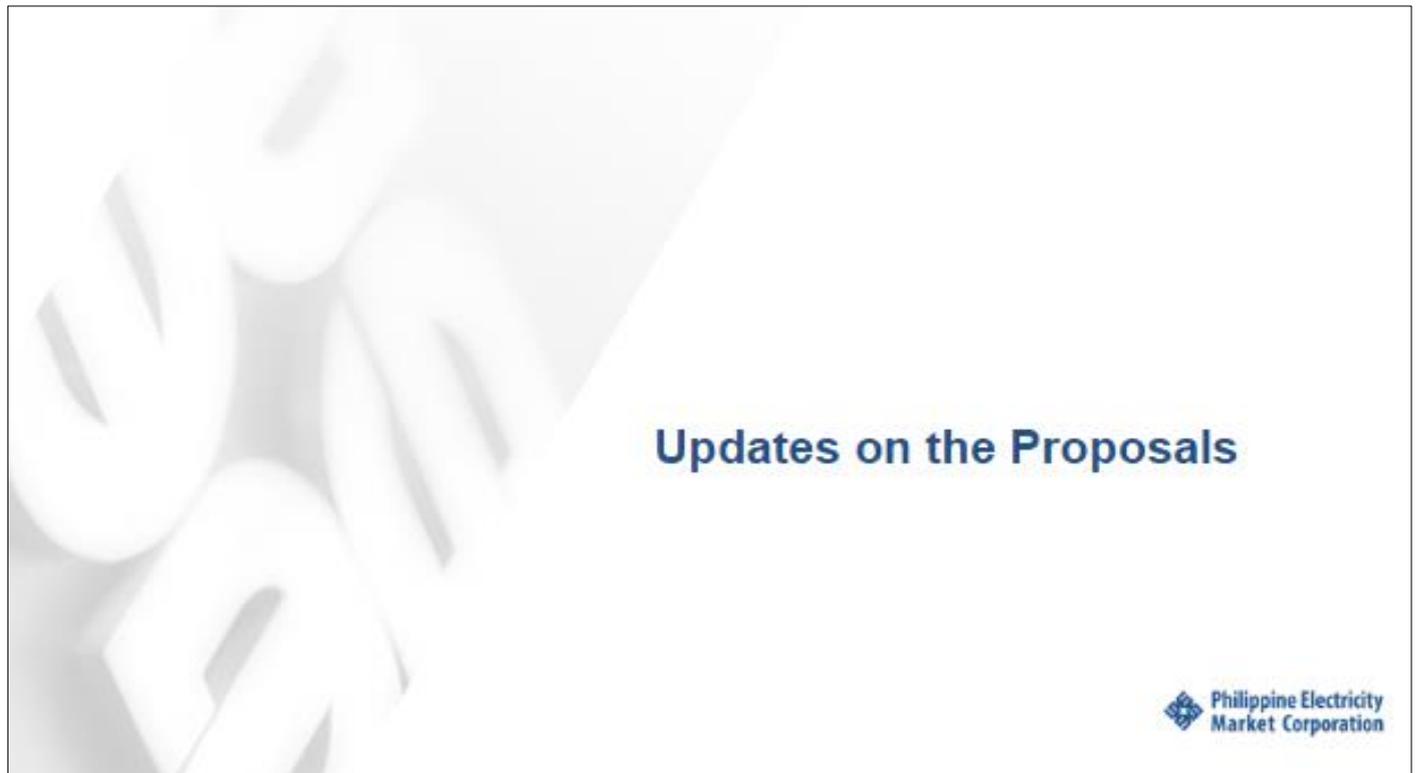


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Annex F – Update on the Proposals Amendments

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Annex F – Updates on other Proposed Amendments

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UPDATES ON THE PROPOSALS

General Amendments – Under RCC Evaluation

	Proposal	Proponent	Update/Status
1	Proposed General Amendments to the WESM Manual on Dispatch Protocol regarding Non-security Over-riding Constraints	NPC	<ul style="list-style-type: none"> Proponent submitted revised proposal on 12 September 2023 Oct 20 (223rd): NPC-DMD and GenCo TPs to coordinate For continuation of deliberation
2	Proposed General Amendments to the WESM Rules and Various WESM Manuals on the Interruptible Load Program Implementation	IEMOP	<ul style="list-style-type: none"> Remanded by the PEM Board (30 August 2023) Re-deliberated by the RCC during 220th, 221st, 223rd and 224th Meetings Nov 17 (225th): For endorsement to PEM Board
3	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Market Intervention and Suspension	MSC	<ul style="list-style-type: none"> For continuation of deliberation in 220th RCC meeting Nov 17 (225th): For endorsement to PEM Board

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UPDATES ON THE PROPOSALS

Urgent Amendments

	Proposal	Proponent	Update/Status
1	Proposed Urgent Amendments to the WESM Rules and Forecast Accuracy Standards Manual on Matters Relating to Enforcement Proceedings and Actions	PEMC	Expiration of Effectivity: 22 November 2023 Extended implementation per PEM Board Resolution No. 2023 -61-02 Nov 17 (225th): Request for another extension through RCC Resolution No. 2023 -xx
2	Proposed Urgent Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022 -10-0031 (Declaring All RE Resources as Preferential Dispatch)	IEMOP	Extended implementation per PEM Board Resolution No. 2023 -62-03 <ul style="list-style-type: none"> Expiration of Effectivity: 26 January 2024
3	Proposed New WESM Manual on Ancillary Services Monitoring (Urgent Proposal)	PEMC	Transmitted to the DOE in a letter dated 09 November 2023

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Annex F – Updates on other Proposed Amendments

UPDATES ON THE PROPOSALS

General Amendments – Under RCC Evaluation

	Proposal	Proponent	Update/Status
4	Proposed Amendments to the WESM Rules and WESM Manuals on Penalty, and Enforcement and Compliance	PEMC	<ul style="list-style-type: none"> Nov 07: End of commenting period Nov 17 (225-): Line-by-line deliberation

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UPDATES ON THE PROPOSALS

General Amendments – Under RCC Evaluation

	Proposal	Proponent	Update/Status
4	Proposed General Amendments to the Retail Rules and Retail Manual on Market Transaction Procedures on No Outstanding Balance (Harmonization with ERC Resolution No. 01, Series of 2023)	IEMOP	Deferred deliberation pending ERC's issuance of Omnibus Retail Electricity Market Rules
5	Proposed General Amendments to the WESM Rules, Retail Rules and Market Manuals on the Implementation of Electric Retail Aggregation Program	IEMOP	

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Annex F – Updates on other Proposed Amendments

UPDATES ON THE PROPOSALS

General Amendments – For DOE Promulgation

	Proposal	Proponent	Update/Status
1	Proposed Amendments to the WESM Rules and the Dispatch Protocol Manual regarding the Maximum Available Capacity	PEMC	Under DOE finalization stage Concluded DOE Public Consultation: <ul style="list-style-type: none"> • 23 Aug 2023 – Luzon (BGC) • 31 Aug 2023 – Mindanao (General Santos) • 06 Sept 2023 – Visayas (Cebu)
2	Proposed General Amendments to the WESM Rules and Forecast Accuracy Standards Manual on Matters Relating to Enforcement Proceedings and Actions	PEMC	
3	Proposed Amendments to the WESM Rules and WESM Manual on Dispatch Protocol regarding Enhancements and Updating of the System Operator's Re-Dispatching, Reporting and Market Intervention/Suspension Procedures	NGCP	
4	Proposed General Amendments to the WESM Rules and WESM Registration Manual in view of DOE DC2022-10-0031 (Declaring All RE Resources as Preferential Dispatch)	IEMOP (as amended by RCC)	



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Annex F – Updates on other Proposed Amendments

UPDATES ON THE PROPOSALS

General Amendments – For DOE Promulgation

	Proposal	Proponent	Update/Status
5	Proposed Amendments to the WESM Rules and WESM Manual on Dispute Resolution Administration (based on RCC Resolution No. 2021 - 07)	PEMC (DRA)	Under DOE finalization stage Concluded DOE Public Consultation: <ul style="list-style-type: none"> • 23 Aug 2023 – Luzon (BGC) • 31 Aug 2023 – Mindanao (General Santos) • 06 Sept 2023 – Visayas (Cebu)



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