



Philippine Electricity
Market Corporation

WHOLESALE ELECTRICITY SPOT MARKET RULES CHANGE COMMITTEE

RESOLUTION NO. 2020-07

Proposed Amendments to the Guidelines Governing the Constitution of PEM Board Committees, Issue 3

WHEREAS, the Guidelines Governing the Constitution of PEM Board Committees ("Guidelines") provide the qualifications and disqualification of members of the PEM Board Committees and the process of their selection and appointment;

WHEREAS, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) on 11 February 2020 the proposed general amendments to the Guidelines to incorporate the following:

- Policies under the DOE Circulars issued on WESM governance;
- Changes to relevant parties involved in WESM governance;
- Targeted scope of the Guidelines, which is solely the WESM Governance Committees ("WGCs"); and
- Updated document structure for Market Manuals;

WHEREAS, during its 161st Meeting on 21 February 2020, the RCC approved the publication of the proposal in the PEMC website to solicit comments from industry stakeholders and interested parties;

WHEREAS, following the 30-working day commenting period from publication date on 26 February 2020, comments were received from the PEM Audit Committee (PAC), Technical Committee (TC), Manila Electric Company (MERALCO), Aboitiz Power Corporation (APC), and SPC Power Corporation/SPC Island Power Corporation (SPC/SIPC);

WHEREAS, during the 164th RCC Meeting on 24 April 2020, the RCC reviewed the proposal and gave due course to the comments received and corresponding proponent's responses, which highlights are as follows:

- On MERALCO's suggestion to include representation from the generation and distribution sectors in the TC, the following points were raised:

- PEMC recommended to amend the membership of the TC to at least six (6) independent members and one (1) member representing the System Operator (SO), as proposed by the PEM Board, to retain an independent, expertise-driven WGC. In addition, stakeholders are adequately represented in the PEM Board and RCC;
 - Distribution and generation sector representatives supported MERALCO's suggestion since the TC previously considered stakeholder representation through the membership of representatives from the Grid Management Committee (GMC) and the Distribution Management Committee (DMC), who were also experts on the transmission and distribution grids, respectively. Further, the SO's membership to the TC may unduly influence the TC's outputs in favour of the SO;
 - SO representative discussed that inputs from the SO in the TC is integral to ensure security of the grid;
 - Market Operator (MO) representative proposed to also include a representative from the MO since the TC has regularly requested the MO's expert advice on technical matters;
- The PAC's inquiry whether there should be a transitory provision for the implementation of new rules on the criteria for independent WGC members;

WHEREAS, with a vote of five (5) for adopting the proposal and eight (8) for revising the proposed membership, the RCC adopted MERALCO's suggestion and agreed to submit a position paper on its recommendation for the membership of the TC to include stakeholder representatives (Annex A-1);

WHEREAS, the RCC likewise agreed to recommend a transitory provision for the implementation of the revised criteria for independence, such that the outgoing members affected by such revised criteria can complete the duration of their current terms;

WHEREAS, during the 165th RCC Meeting on 15 May 2020, the RCC further reviewed the proposal and the draft RCC position paper on the stakeholders' membership to the TC as prepared by the sector representatives;

WHEREAS, during the said meeting, the RCC agreed to supplementary changes to the proposal:





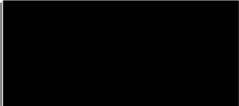
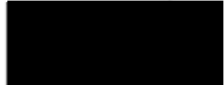


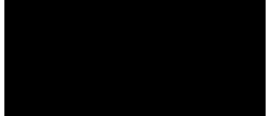



- Deletion of definitions of terms that are already defined under the WESM Rules;
- Reorganization of the TC to have five (5) independent members and one (1) member for each of the generation sector, distribution sector, System Operator, and the Market Operator;



NOW THEREFORE, we, the undersigned, on behalf of the sectors we represent, hereby resolve as follows:

RESOLVED, that the RCC approves the Proposed General Amendments to the Guidelines Governing the Constitution of PEM Board Committees (attached as Annex A);

RESOLVED FURTHER, that the said Proposed General Amendments to the Guidelines Governing the Constitution of PEM Board Committees are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation.

Done this 15 May 2020, Pasig City.

Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
 Maila Lourdes G. de Castro Chairperson	
 Allan C. Nerves	 Concepcion I. Tanglao
Generation Sector Members:	
 Dixie Anthony R. Banzon Masinloc Power Partners Co. Ltd. (MPPCL)	 Cherry A. Javier Aboitiz Power Corp. (APC)
 Carlito C. Claudio Millennium Energy, Inc./ Pansia Energy, Inc. (MEI/PEI)	 Mark D. Habana Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
 Virgilio C. Fortich, Jr. Cebu III Electric Cooperative, Inc. (CEBECO III)	 Ryan S. Morales Manila Electric Company (MERALCO)
 Ricardo G. Gumalal Iligan Light and Power, Inc. (ILPI)	 Nelson M. Dela Cruz Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)

Supply Sector Member:
<div> Lorreto H. Rivera TeaM (Philippines) Energy Corporation (TPEC)</div>
Market Operator Member:
<div> Isidro L. Cacho, Jr. Independent Electricity Market Operator of the Philippines (IEMOP)</div>
System Operator Member:
<div> Ambrocio R. Rosales National Grid Corporation of the Philippines (NGCP)</div>



Annex A**Proposed Amendments to the Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0**

Title	Section	Provision	Proposed Amendment	Rationale
Manual Title		Guidelines Governing the Constitution of PEM Board Committees	Guidelines Governing the Constitution of PEM Board <u>WESM Governance</u> Committees	<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Use of "WESM Governance Committee" is consistent with Sections 7.2.9.2 (c) & (d) of the WESM Rules used the term "WESM Governance Committee" instead of the "PEM Committee" per the DOE DC NO. 2010-007-0008 dated 30 June 2010. • This is consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05), which are currently for DOE approval.
Recitals		Recitals xxx	Recitals xxx	For consistency with the format of Market Manuals
Definition of Terms	1	Article I. Definition of Terms	Article I. <u>Section 1</u> Definition of Terms	For consistency with the format of Market Manuals
		(new)	<u>1.1 Unless otherwise defined in this section or the context provides otherwise, the terms used in this Market Manual shall bear the same meaning as defined in the WESM Rules.</u>	For consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Definition of Terms	1.02	Section 1.02 The following terms and expressions shall have the meanings set forth below:	Section 1.02 1.2 The following terms and expressions shall have the meanings set forth below:	For consistency with the format of Market Manuals
	1.02	(a) "Act" or "EPIRA" xxx (b) "Applicable Laws and Rules" shall include the EPIRA and its Implementing Rules, the WESM Rules, the Philippine Grid Code, Philippine Distribution Code and all other laws, rules and regulations relating to or affecting the WESM.	(a) "Act" or "EPIRA" xxx (b) a. "Applicable Laws and Rules" shall include, the EPIRA and its Implementing Rules, the WESM Rules, the Philippine Grid Code, Philippine Distribution Code and all other laws, rules and regulations relating to or affecting the WESM. Include the <i>EPIRA</i> and its <i>Implementing Rules, the WESM Rules, the Philippine Grid Code, Philippine Distribution Code</i> and all other laws, rules and regulations relating to or affecting the <i>WESM</i> .	<ul style="list-style-type: none"> • In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules • For consistency with the format of Market Manuals
Definition of Terms	1.02	(c) "Dispute Resolution Administrator" or "DRA" xxx	(c) "Dispute Resolution Administrator" or "DRA" xxx	<ul style="list-style-type: none"> • In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules • Harmonize with DOE DC No. DC2012-02-0001 dated 15 February 2012, which amended Clause 7.3.2.1 of the WESM Rules on the appointment of the DRA
		(d) "Dispute Resolution Group" or "DRG" xxx (e) "Dispute Resolution Panel" or "DRP" xxx	(d) "Dispute Resolution Group" or "DRG" xxx (e) "Dispute Resolution Panel" or "DRP" xxx	To reflect amendments as per DOE DC2018-05-0016 (DRA)
		(f) "Distribution Code" or the "Philippine Distribution Code" xxx (g) "Department of Energy" xxx (h) "Energy Regulatory Commission" xxx	(f) "Distribution Code" or the "Philippine Distribution Code" xxx (g) "Department of Energy" xxx (h) "Energy Regulatory Commission" xxx	In reference to Section 1.1, as amended, deleted terms that are defined terms under the WESM Rules

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Definition of Terms	1.02	(new)	<u>(b) Enforcement and Compliance Office or ECO. The organic unit in PEMC created to investigate alleged breaches and enforce sanctions against the Market Operator, System Operator and WESM Members.</u>	<ul style="list-style-type: none"> • Provide definition of the Enforcement and Compliance Office as used in Section 6.04 (c). • Consistent with the proposal by the MSC on updating governance provisions, which was approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05); and currently for DOE approval
		(i) "Government" xxx (j) "Grid Code" or "Philippine Grid Code" xxx	(i) "Government" xxx (j) "Grid Code" or "Philippine Grid Code" xxx	In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules
		(k) "Grid Management Committee" or "GMC" xxx	(k) "Grid Management Committee" or "GMC" xxx	Reflect changes due to the dissolution of the GMC Office.
		(l) "Guidelines" refer to this document otherwise called: "Guidelines Governing the Constitution of the PEM Board Committees." (m) "Market Information Website" xxx	(l) (c) "Guidelines. This" refer to this document otherwise called: "Guidelines Governing the Constitution of the PEM Board WESM Governance Committees." (m) "Market Information Website" xxx	<ul style="list-style-type: none"> • Reflect that this Manual refers solely to WESM Governance Committees. • In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules
Definition of Terms	1.02	(n) "Market Manuals" xxx	(n) "Market Manuals" xxx	In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules, as amended by DOE DC No. DC2018-07-0018

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>(o) "Market Surveillance Committee" or "MSC" xxx</p> <p>(p) "PEM Auditor" xxx</p> <p>(q) "PEM Audit Committee" xxx</p> <p>(r) "PEM Board" xxx</p>	<p>(e) "Market Surveillance Committee" or "MSC" xxx</p> <p>(p) "PEM Auditor" xxx</p> <p>(q) "PEM Audit Committee" xxx</p> <p>(r) "PEM Board" xxx</p>	<ul style="list-style-type: none"> • Deletion of "PEM Auditor" and definition of "PEM Audit Committee" in the WESM Rules have been previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). These are now for final approval of the DOE. • In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules
Definition of Terms	1.02	<p>(s) "PEM Board Committees" or "PEM Committees" xxx</p> <p>(t) "Other PEM Board Committees" or "Other Board Committees" or "Other Board Committees" xxx</p>	<p>(e) "PEM Board Committees" or "PEM Committees" xxx</p> <p>(t) "Other PEM Board Committees" or "Other Board Committees" or "Other Board Committees" xxx</p>	Reflect that this Manual refers solely to WESM Governance Committees. The definition for 'WESM Governance Committees' is provided in item (x), as amended.
		(u) "Philippine Electricity Market Corporation" (PEMC) OR "Market Operator" (MO) xxx	(u) "Philippine Electricity Market Corporation" (PEMC) OR "Market Operator" (MO) xxx	In reference to Section 1.1, as amended, deleted term that is a defined term under the WESM Rules. PEMC and MO are defined separately under the WESM Rules
		(v) "PEMC Charter" refers to the Articles of Incorporation and By-laws of the Philippine Electricity Market Corporation that was approved by the Securities and Exchange Commission on 18 November 2003.	(v) (d) "PEMC Charter Articles of Incorporation and By-laws. " refers to the Articles of Incorporation and By-laws The legal documents establishing the creation of the Philippine Electricity Market Corporation that was	<ul style="list-style-type: none"> • To use the appropriate term for the legal documents establishing the creation of PEMC.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
			approved by the Securities and Exchange Commission on 18 November 2003.	<ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals
Definition of Terms	1.02	(new)	<u>(e) PEMC Website. The facility established to publish information, which is then available to and may be accessed by WESM Members and the public.</u>	To clarify that the public can also access information from the PEMC website.
		(w) "Person" refers to a natural person.	(w) (f) "Person" refers to a <u>A</u> natural person.	Enhancement and re-numbering for consistency with the format of Market Manuals
		(new)	<u>(g) Philippine Competition Commission or PCC. An independent quasi-judicial body mandated to implement the national competition policy, and enforce the Philippine Competition Act or R.A.10667, which serves as the primary competition law in the Philippines for promoting and protecting market competition.</u>	Add the definition of the Philippine Competition Commission (PCC) as used in Sections 2.2 and 6.4.
Definition of Terms	1.02	(x) "Rules Change Committee" xxx (y) "Sector" refers to the Generation, Distribution, Transmission or Supply Sector. (z) "Technical Committee" xxx	(x) "Rules Change Committee" xxx (y) (h) "Sector" refers, <u>Refers</u> to the Generation, Distribution, Transmission or Supply Sector. (z) "Technical Committee" xxx	<ul style="list-style-type: none"> In reference to Section 1.1, as amended, deleted terms that are defined terms under the WESM Rules. Enhancement and re-numbering for consistency with the format of Market Manuals
Definition of Terms	1.02	(new)	<u>(i) WESM Governance Committees. The working groups created by the PEM Board to perform particular functions as well as to</u>	Provide definition for WESM Governance Committees. PEMC will promulgate a separate Manual on Corporate

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
			<u>assist the Board in the discharge of its duties.</u>	Governance, which shall provide the functions of non-governance PEM Board Committees.
		(aa) "Wholesale Electricity Spot Market" or "WESM" xxx (bb) "WESM Member" xx (cc) "WESM Rules" xx	(aa) "Wholesale Electricity Spot Market" or "WESM" xxx (bb) "WESM Member" xx (cc) "WESM Rules" xx	In reference to Section 1.1, as amended, deleted terms that are defined terms under the WESM Rules.
Definition of Terms	1.03	Section 1.03 Independent of Philippine electric power industry. xxx	Section 1.03 Independent of Philippine electric power industry. xxx	Provisions on Criteria for Independence, which are consistent with the DOE DC No. 2018-01-0002, are inserted as proposed new Section 4.3
	1.04	Section 1.04 Rules of Construction. xxx	Section 1.04 1.3 Rules of Construction. xxx	Re-numbering
Formation of the Committees	2	Article II. Formation of the Committees	Article II. Section 2 Formation of the Committees	Enhancement and re-numbering for consistency with the format of Market Manuals
	2.01	Section 2.01 PEM Board Committees. The PEM Board shall form working groups and appoint qualified personnel who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; (b) A Market Surveillance Committee; (c) A Technical Committee; (d) A Rules Change Committee; and (e) A Dispute Resolution Group, headed by the Dispute Resolution Administrator.	Section 2.01 2.1. WESM Governance Board Committees. The <i>PEM Board</i> shall form working groups and appoint qualified personnel members who shall act as the following: (a) A PEM Audit Committee, headed by the PEM Auditor; (b) A Market Surveillance Committee; (c) A Technical Committee; (d) A Rules Change Committee; and (e) A Dispute Resolution Group, headed by the Dispute Resolution Administrator.	<ul style="list-style-type: none"> • Harmonize with DOE DC No. DC2018-05-0016. • Revision to (a) is consistent with the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). • On deletion of item (f): Reflect that this Manual refers solely to WESM Governance Committees. PEMC will promulgate a separate Manual on Corporate Governance which

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>(f) Board Committees as deemed necessary by the Board to assist in the performance of its functions, such as:</p> <p>(i) Board Review Committee (BRC) – refers to a committee to assist the PEM Board in the review of items for Board agenda discussion and other matters as may be assigned by the Board.</p> <p>The BRC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from DOE and chaired by an Independent Director.</p> <p>(ii) Board Selection Committee (BSC) – refers to a committee to assist the PEM Board in the selection of qualified members of the WESM Governance Committees and Board Committees.</p> <p>The BSC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from the DOE and chaired by an Independent Director.</p>	<p>(f) Board Committees as deemed necessary by the Board to assist in the performance of its functions, such as:</p> <p>(i) Board Review Committee (BRC) – refers to a committee to assist the PEM Board in the review of items for Board agenda discussion and other matters as may be assigned by the Board.</p> <p>The BRC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from DOE and chaired by an Independent Director.</p> <p>(ii) Board Selection Committee (BSC) – refers to a committee to assist the PEM Board in the selection of qualified members of the WESM Governance Committees and Board Committees.</p> <p>The BSC shall be composed of three (3) Members, one Director must be the representative of PEMC, another from the DOE and chaired by an Independent Director.</p>	<p>shall provide the functions of non-governance PEM Board Committees (i.e. BRC, BSC).</p> <ul style="list-style-type: none"> • Enhancement and re-numbering for consistency with the format of Market Manuals
Formation of the Committees		(new)	<u>2.2 The PEM Board shall approve an annual budget allocation for the WESM Governance Committees, in support of their duties and functions.</u>	Provide basis for the allocation of budget for WGCs to support them in carrying out their activities

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
	2.02	Section 2.02 The PEM Board Committees shall primarily assist the PEM Board and/or the DOE in the formulation of policies that will help in the achievement of the WESM objectives of establishing a sustainable, competitive, efficient, transparent and reliable market for electricity where: xxx	Section 2.02 2.3. The PEM Board <u>WESM Governance</u> Committees shall primarily assist the PEM Board, and/or the DOE, <u>the ERC,</u> <u>and/or the PCC</u> in the formulation of policies that will help in the achievement of the <u>WESM</u> objectives of establishing a sustainable, competitive, efficient, transparent and reliable market for electricity where: xxx	<ul style="list-style-type: none"> • Clarify that this Market Manual solely pertains to WESM Governance Committees. • Include the ERC and PCC among agencies to which WESM Governance Committees may also provide assistance. • Enhancement and re-numbering for consistency with the format of Market Manuals
Formation of the Committees	2.03	Section 2.03 Observance of the EPIRA and its IRR, the WESM Rules and PEMC Charter. All Committees, in the performance of its functions, shall be guided by the provisions of and principles under the EPIRA and its implementing rules, the WESM Rules and the PEMC Charter and applicable laws. Each Committee shall establish and promulgate manuals to govern their respective operations and geared towards achieving the purpose for which said Committees have been created. The said manual, upon approval of the PEM Board, shall have the force and effect of the rules and regulations of the WESM as Market Manual.	Section 2.03 2.4. Observance of the EPIRA and its IRR, the WESM Rules and PEMC Charter. All <u>WESM Governance</u> Committees, in the performance of its functions, shall be guided by the provisions of and principles under the <i>EPIRA</i> and its implementing rules, the <i>WESM Rules</i> and the <i>PEMC Charter</i> <u>Articles of Incorporation and By-laws</u> and applicable laws. Each <u>WESM Governance</u> Committee shall establish and promulgate manuals <u>Market Manuals</u> to govern their respective operations and geared towards achieving the purpose for which said <u>WESM Governance</u> Committees have been created. The said manual, upon approval of the <i>PEM Board</i> <u>and promulgation by the DOE,</u> shall have the force and effect of the rules and regulations of the <i>WESM</i> as <i>Market Manual</i> .	<ul style="list-style-type: none"> • Reflect the appropriate term for the legal document establishing the creation of PEMC. • Harmonize with DOE DC No. DC2015-07-0013 • Enhancement and re-numbering for consistency with the format of Market Manuals
	2.04	Section 2.04 DOE Representation in the Committees. The Department of Energy as the agency primarily responsible to implement the EPIRA and its implementing rules and the	Section 2.04 2.5. DOE Representation in the <u>WESM Governance</u> Committees. The <i>Department of Energy</i> as the agency primarily responsible to implement the <i>EPIRA</i> and its	<ul style="list-style-type: none"> • Clarify that this Market Manual solely pertains to WESM Governance Committees.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		WESM Rules shall be represented in all PEM Committees and other Board Committees created and to be created for the purpose of facilitating and providing policy support and guidance for the development of the WESM.	implementing rules and the <i>WESM Rules</i> shall be represented in all PEM <u>WESM Governance</u> Committees and other Board Committees created and to be created for the purpose of facilitating and providing policy support and guidance for the development of the <i>WESM</i> .	<ul style="list-style-type: none"> Enhancement and re-numbering for consistency with the format of Market Manuals
Formation of the Committees	2.05	Section 2.05 Other Resolutions. Except as may otherwise be provided in the WESM Rules, in any Market Manual or in the PEMC Charter, the PEM Board may prescribe, among others: xxx	Section 2.05 <u>2.6</u> . Other Resolutions. Except as may otherwise be provided in the <i>WESM Rules</i> , in any <i>Market Manual</i> or in the <i>PEMC Charter</i> <u>Articles of Incorporation and By-laws</u> , the <i>PEM Board</i> may prescribe, among others: xxx	<ul style="list-style-type: none"> Reflect the appropriate term for the legal document establishing the creation of PEMC. Enhancement and re-numbering for consistency with the format of Market Manuals
Vacancy, Nomination, Selection and Appointment of PEM Committee Members	3	Article III. Vacancy, Nomination, Selection and Appointment of PEM Committee Members	Article III. <u>Section 3</u> Vacancy, Nomination, Selection and Appointment of PEM <u>WESM Governance</u> Committee Members	Enhancement and re-numbering for consistency with the format of Market Manuals
Vacancy	3.01	Section 3.01 Vacancy. A position in the Committee is rendered vacant due to any of the following circumstances: xxx (d) Removal from office, upon two third (2/3) votes of the Board of Directors constituting a quorum due to: xxx	Section 3.01 <u>3.1</u> . Vacancy <u>3.1.1</u> . A position in the <u>WESM Governance</u> Committee is rendered vacant due to any of the following circumstances: xxx (d) Removal from office, upon two third (2/3) votes of the Board of Directors constituting a quorum due to:	Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>(ii) illness which require recovery for more than 3 months or similar circumstance;</p> <p>xxx</p> <p>(iv) Conduct unbecoming of a Member of the Committee in accordance with Article X of these Guidelines.</p>	<p>xxx</p> <p>(ii) illness which require recovery for more than <u>three (3)</u> months or similar circumstance;</p> <p>xxx</p> <p>(iv) Conduct unbecoming of a Member of the Committee in accordance with Article X <u>Section 10</u> of these Guidelines.</p>	
Vacancy		(new)	<u>3.2.2. Any vacancy shall be filled by an appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.</u>	Provide a blanket provision applicable to all WESM Governance Committees regarding filling-up of vacancies.
Nomination	3.02	<p>Section 3.02 Nomination</p> <p>(a) In case of a vacancy, the Committee Chairperson, any member thereof or the Market Assessment Group shall give notice to the Board Selection Committee immediately upon occurrence of the vacancy or within one month prior to the effectivity of the expiration of term of office of the concerned member</p> <p>(b) Selection Committee shall then cause the publication of notice of such vacancy or solicit nomination for the position.</p> <p>(c) Nomination shall be submitted to the Selection Committee or to any person designated by the Selection Committee.</p>	<p>Section 3.02 <u>3.2.</u> Nomination</p> <p>(a) <u>3.2.1</u> In case of a vacancy, the <u>WESM Governance Committee</u> Chairperson, any member thereof, or the Market Assessment Group <u>PEMC</u> shall give notice to the Board Selection Committee <u>PEM Board</u> immediately upon occurrence of the vacancy or within one month prior to the effectivity of the expiration of term of office of the concerned member</p> <p>(b) <u>3.2.2</u> Selection Committee <u>The PEM Board</u> shall then cause the publication of notice of such vacancy or solicit nomination for the position.</p> <p>(c) <u>3.2.3</u> Nomination shall be submitted to the Selection Committee <u>PEM Board</u> or to any</p>	<ul style="list-style-type: none"> • References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>(d) All nominations shall be in a form (Appendix [A]) and manner as may be prescribed by the Selection Committee.</p> <p>(e) xxx</p> <p>(f) xxx</p> <p>(g) xxx</p>	<p>person designated by the Selection Committee <u>PEM Board</u>.</p> <p>(d) <u>3.2.4</u> All nominations shall be in a form (Appendix [A]) and manner as may be prescribed by the Selection Committee <u>PEM Board</u>.</p> <p>(e) <u>3.2.5</u> xxx</p> <p>(f) <u>3.2.6</u> xxx</p> <p>(g) <u>3.2.7</u> xxx</p>	
Selection	3.03	<p>Section 3.03 Selection</p> <p>(a) The Selection Committee shall pre-screen and shortlist all candidates nominated to become a member of the relevant Committee in accordance with the qualifications and disqualifications set forth in these Guidelines and applicable laws and rules.</p> <p>(b) In the determination of the list of candidates, the Selection Committee shall consider foreign professionals, if and only if during the pre-screening and evaluation process, they have proven that such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either for lack of local experts or if his or her service will promote the advancement of the Spot Market.</p>	<p>Section 3.03 <u>3.3</u>, Selection</p> <p>(a) <u>3.3.1</u> The Selection Committee <u>PEM Board</u> shall pre-screen and shortlist all candidates nominated to become a member of the relevant Committee in accordance with the qualifications and disqualifications set forth in these <i>Guidelines</i> and applicable laws and rules.</p> <p>(b) <u>3.3.2</u> In the determination of the list of candidates, the Selection Committee <u>PEM Board</u> shall consider foreign professionals, if and only if during the pre-screening and evaluation process, they have proven that such professional is known to be an outstanding expert or specialist in the particular field and that the services of such foreigner is urgently necessary either for lack of local experts or if his or her service will promote the advancement of the Spot Market.</p>	<ul style="list-style-type: none"> • References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Publication of Nominees	3.04	Section 3.04 Publication of Nominees. Upon screening of the nominees submitted within allowable time as prescribed by the Selection Committee, the latter shall cause the publication of the list of the qualified nominees in the PEMC web site.	Section 3.04 3.4. Publication of Nominees. Upon screening of the nominees submitted within allowable time as prescribed by the Selection Committee PEM Board , the latter shall cause the publication of the list of the qualified nominees in the PEMC web site website .	<ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals
Interview of the Nominees	3.05	Section 3.05 Interview of the Nominees. After the publication of the shortlisted nominees and upon verification and resolution of opposition thereof, if any, the Selection Committee may opt to conduct further assessment of the shortlisted nominees through personal interview or any other means as the Selection Committee may consider appropriate. The Board Selection Committee shall rate them in accordance with a scoring system provided for this purpose.	Section 3.05 3.5. Interview of the Nominees. After the publication of the shortlisted nominees and upon verification and resolution of opposition thereof, if any, the Selection Committee PEM Board may opt to conduct further assessment of the shortlisted nominees through personal interview or any other means as the Selection Committee PEM Board may consider appropriate. The Board Selection Committee PEM Board shall rate them in accordance with a scoring system provided for this purpose.	<ul style="list-style-type: none"> References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals
Appointment of PEM Committee Members and Chairpersons	3.06	Section 3.06 Appointment of PEM Committee Members and Chairpersons. The PEM Board appoints the members and the Chairpersons of the PEM Committees from among the list of qualified nominees, screened and duly endorsed by the Selection Committee.	Section 3.06 3.6. Appointment of PEM Committee WESM Governance Committee Members and Chairpersons. The PEM Board appoints the members and the Chairpersons of the PEM WESM Governance Committees from among the list of qualified nominees, screened and duly endorsed by the Selection Committee.	<ul style="list-style-type: none"> To clarify that this Guidelines solely pertains to WESM Governance Committees. Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
	3.07 3.08 3.09	Section 3.07 Declaration/Undertaking. xxx Section 3.08 Periodic evaluation of qualification and performance. xxx Section 3.09 Hold Over Provision. xxx	Section 3.07 3.7 Declaration/Undertaking. xxx Section 3.08 3.8 Periodic evaluation of qualification and performance. xxx Section 3.09 3.9 Hold Over Provision. xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
Qualifications and Disqualifications of WESM Governance Committee Members	4	Article IV. Qualifications and Disqualifications of WESM Governance Committee Members	Article IV. Section 4 Section 4 Qualifications, AND Disqualifications, and Criteria for OF WESM Governance Committee Members	<ul style="list-style-type: none"> • To cover the additional sub-section on the criteria for independence • Enhancement and re-numbering for consistency with the format of Market Manuals
Common Qualifications	4.01	Section 4.01 Common Qualifications. In addition to the specific requirements provided under this Guidelines and pertinent laws and rules, each member of a PEM Committee shall possess the following qualifications: xxx (d) Must be at least a college graduate, or with at least ten (10) years of relevant experience in their field of expertise.	Section 4.01 4.1 , Common Qualifications. In addition to the specific requirements provided under this <i>Guidelines</i> and pertinent laws and rules, each member of a <u>WESM Governance</u> PEM Committee shall possess the following qualifications: xxx (d) Must be at least a college graduate, or and with at least ten (10) years of relevant experience in their field of expertise.	<ul style="list-style-type: none"> • To clarify that this Guidelines solely pertains to WESM Governance Committees. • To clarify the minimum level of education and relevant experience of committee members • Enhancement and re-numbering for consistency with the format of Market Manuals
Disqualification	4.02	Section 4.02 Disqualification. The following persons are disqualified from being appointed as a member of any of the PEM Committees and Other Board Committees: xxx	Section 4.02 4.2 Disqualification. The following persons are disqualified from being appointed as a member of any of the <u>PEM WESM Governance</u> Committees and Other Board Committees : xxx	<ul style="list-style-type: none"> • To clarify that this Guidelines solely pertains to WESM Governance Committees. • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		(new)	<p><u>4.3 Criteria for Independence. A person shall be deemed independent if that person:</u></p> <p><u>(a) is not a director, officer, employee, contractor, consultant, agent, adviser, legal counsel, manager, or shareholder of a WESM Member or System Operator;</u></p> <p><u>(b) is not a spouse or relative of a person within the fourth civil degree of consanguinity or affinity, of a director, officer, manager, or shareholder of a WESM Member or System Operator or an official or employee of Philippine government, its agencies or instrumentalities;</u></p> <p><u>(c) is not an officer, manager, director, shareholder, agent, employee, consultant, adviser, legal counsel, or contractor of, or is not a person directly or indirectly through one or more intermediary controls, is controlled by a company, affiliate, or any other entity related to or associated with a WESM Member or System Operator where:</u></p> <p><u>i. a related company or body is a parent, holding company, subsidiary or affiliate of the WESM Member or System Operator; and</u></p> <p><u>ii. an associate is a person who is a director, officer, manager or</u></p>	To provide for the criteria for independence as provided in the DOE DC No. 2018-01-0002

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
			<p><u>shareholder of that related company or entity or a relative of such a person within the fourth civil degree of affinity or consanguinity; and</u></p> <p>iii. <u>an affiliate is any person that, alone or together with any other person, directly or indirectly through one or more intermediaries controls or is controlled by, or is under the common control with another person; The term shareholder shall exclude a member of an electric cooperative who is not involved in its operation and management and an end-user required to subscribe to or purchase a share in a distribution utility as an incident to the provision of service by the same distribution utility, and provided the interest of the end-user is not more than the minimum required to avail of the distribution utility's service;</u></p> <p>(d) <u>is not an official or employee of the Philippine <i>government</i>, or its agencies or instrumentalities, but this will not apply to members of the academe in public schools and universities; and</u></p> <p>(e) <u>has not been employed as an officer, or in a supervisory or managerial capacity, by any electric power industry participant, or a company within one (1) year prior to the nomination date.</u></p>	

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
PEM Audit Committee	5	Article V. PEM Audit Committee	Article V. Section 5 <i>PEM Audit Committee</i>	Enhancement and re-numbering for consistency with the format of Market Manuals
	5.01	Section 5.01 Composition. The PAC shall consist of three (3) members, headed by the PEM Auditor who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules.	Section 5.01 5.1. Composition. The PAC shall consist of <u>at least</u> three (3) members, headed by the PEM Auditor <u>Chairperson</u> who is an Independent Member as defined herein , with qualifications as prescribed under these Guidelines and pertinent rules. <u>All members of the PAC shall be Independent as defined in this Manual.</u>	<ul style="list-style-type: none"> • To ensure that the number of PAC members is adequate to support the volume of work assigned to them • Replacement of "PEM Auditor" with "Chairperson" is consistent with the proposed changes previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). • Enhancement and re-numbering for consistency with the format of Market Manuals
PEM Audit Committee	5.02	Section 5.02 Appointment. The PEM Board appoints the members and the PEM Auditor as the chairperson of the Audit Committee. xxx	5.02. 5.2. Appointment. The <i>PEM Board</i> appoints the members and the PEM Auditor as the chairperson <u>Chairperson</u> of the PEM Audit Committee. xxx	<ul style="list-style-type: none"> • For clarity • Consistent with the proposed changes previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10). • Enhancement and re-numbering for consistency with the format of Market Manuals
	5.03 5.04	Section 5.03 Qualifications xxx Section 5.04 Responsibilities xxx	Section 5.03 5.3 Qualifications xxx Section 5.04 5.4 Responsibilities xxx	Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
	5.05	Section 5.05 Term of Office. The term of office of each member of the PAC shall be for three (3) years; provided that the initial members of the Audit Committee shall be appointed for the following terms: The PEM Auditor for three (3) years; one member for two (2) years and the other member for one (1) year. The members of the PAC may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms. Service by a member for less than one year shall not be considered one term.	Section 5.05 5.5. Term of Office. The term of office of each member of the <i>PAC</i> shall be for three (3) years; provided that the initial members of the Audit Committee shall be appointed for the following terms: The PEM Auditor Chairman for three (3) years; one member for two (2) years and the other member for one (1) year. The members of the PAC may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms. Service by a member for less than one year shall not be considered one term.	<ul style="list-style-type: none"> • For clarity since there is no separate 'PEM Auditor' office or position. • Enhancement and re-numbering for consistency with the format of Market Manuals
PEM Audit Committee	5.06 5.07	Section 5.06 Vacancy. xxx Section 5.07 Conduct of Business, Voting and Procedures xxx	Section 5.06 Vacancy. xxx Section 5.07 5.6 Conduct of Business, Voting and Procedures xxx	<ul style="list-style-type: none"> • A general provision on filling-up vacancies is added as Section 3.1.2. • Enhancement and re-numbering due to deletion of Section 5.06 and for consistency with the format of Market Manuals
Market Surveillance Committee	6	Article VI. Market Surveillance Committee	Article VI. Section 6 <i>Market Surveillance Committee</i>	Enhancement and re-numbering for consistency with the format of Market Manuals
	6.01	Section 6.01 Composition. The Market Surveillance Committee shall consist of five (5) members.	Section 6.01 6.1. Composition. The <i>Market Surveillance Committee</i> shall consist of at least five (5) members.	<ul style="list-style-type: none"> • To ensure that the number of MSC members is adequate to support the volume of work assigned to them • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
	6.02 6.03	Section 6.02 Appointment. xxx Section 6.03 Qualifications. xxx	Section 6.02 6.2 Appointment. xxx Section 6.03 6.3 Qualifications. xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
	6.04	<p>Section 6.04 Responsibilities. The Market Surveillance Committee tasked to monitor and report on activities in the spot market in accordance with the WESM Rules shall have the following specific duties and functions:</p> <p>xxx</p> <p>(b) Prepare periodic reports, which outline:</p> <p>xxx</p> <p>(iii) Matters concerning the operation of the Spot Market generally, which reports shall be submitted to the PEM Board, the DOE and ERC upon completion.</p> <p>(c) Assist the PEM Board or the Enforcement and Compliance Officer to investigate and gather evidence of:</p> <p>xxx</p> <p>(g) Upon the concurrence of one or more of the events described in clause 6.8.4.1 of the WESM Rules, investigate the circumstances of that event and prepare a report to assess:</p> <p>xxx</p>	<p>Section 6.04 6.4 Responsibilities. The <i>Market Surveillance Committee</i> tasked to monitor and report on activities in the spot market in accordance with the <i>WESM Rules</i> shall have the following specific duties and functions:</p> <p>xxx</p> <p>(b) Prepare periodic reports, which outline:</p> <p>xxx</p> <p>(iii) Matters concerning the operation of the Spot Market generally, which reports shall be submitted to the <i>PEM Board</i>, the <i>DOE</i>, and ERC, <u>and PCC, subject to Clause 5.3 of the WESM Rules</u>, upon completion.</p> <p>(c) Assist the <i>PEM Board</i> or the <i>Enforcement and Compliance Officer</i> <u>Office</u> to investigate and gather evidence of:</p> <p>xxx</p> <p>(g) Upon the concurrence of one or more of the events described in clause 6.8.4.1 <u>6.9.4.1</u> of the <i>WESM Rules</i>, investigate the circumstances of that event and prepare a report to assess:</p> <p>xxx</p>	<ul style="list-style-type: none"> • To include the Philippine Competition Commission among external agencies to which the MSC shall regularly submit reports in item (b.iii), subject to the rules on confidentiality under Clause 5.3 of the WESM Rules • To indicate the proper name of the PEMC unit tasked to conduct investigations. • To reflect the correct WESM Rules Clause for Intervention Reports in item (g) • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		(i) Investigate, upon request of Enforcement and Compliance Officer, a failure of a WESM Member to comply with a directive or request to provide information under clause 7.2.4.1 of the WESM Rules. xxx	(i) Investigate, upon request of <i>Enforcement and Compliance Officer</i> Office , a failure of a WESM Member to comply with a directive or request to provide information under clause 7.2.4.1 of the WESM Rules. xxx	
Market Surveillance Committee	6.05	Section 6.05 Term of Office xxx	Section 6.05 6.5 Term of Office xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
	6.06 6.07	Section 6.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. Section 6.07 Conduct of Business, Voting and Procedure. xxx	Section 6.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof. 6.07 6.6 Conduct of Business, Voting and Procedure. xxx	<ul style="list-style-type: none"> • A general provision on filling-up vacancies is added as Section 3.1.2. • Enhancement and re-numbering due to the deletion of Section 6.06 and for consistency with the format of Market Manuals
Rules Change Committee	7	Article VII. Rules Change Committee	Article VII. Section 7 Rules Change Committee	Enhancement and re-numbering for consistency with the format of Market Manuals
	7.01 7.02 7.03 7.04 7.05	Section 7.01 Composition xxx Section 7.02 Appointment xxx Section 7.03 Qualifications xxx Section 7.04 Responsibilities xxx Section 7.05 Term of Office xxx	Section 7.01 7.1 Composition xxx Section 7.02 7.2 Appointment xxx Section 7.03 7.3 Qualifications xxx Section 7.04 7.4 Responsibilities xxx Section 7.05 7.5 Term of Office xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
	7.06	Section 7.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the	Section 7.06 7.6 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the	<ul style="list-style-type: none"> • A general provision on filling-up vacancies is added as Section 3.1.2.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>appointee shall serve only the unexpired portion thereof.</p> <p>In filling up the vacancy, the PEM Board shall appoint a person belonging to the same Sector or membership category under Section 7.01, following the nomination and selection process as provided under these Guidelines.</p>	<p>appointee shall serve only the unexpired portion thereof.</p> <p><u>In addition to the requirements in Section 3.1.2</u> in filling up the vacancy, the <i>PEM Board</i> shall appoint a person belonging to the same <i>Sector</i> or membership category under Section 7.01 7.1, following the nomination and selection process as provided under these <i>Guidelines</i>.</p>	<ul style="list-style-type: none"> • Enhancement and re-numbering for consistency with the format of Market Manuals
Rules Change Committee	7.07 7.08	<p>Section 7.07 Conduct of Business, Voting and Procedure xxx</p> <p>Section 7.08 Additional Ground for Termination xxx</p>	<p>Section 7.07 7.7 Conduct of Business, Voting and Procedure xxx</p> <p>Section 7.08 7.8 Additional Ground for Termination xxx</p>	<p>Enhancement and re-numbering for consistency with the format of Market Manuals</p>
	7.09	<p>Section 7.09 Nomination.</p> <p>(a) All nominees to the Rules Change Committee shall be submitted to the Selection Committee by the respective Sector which is intended to be represented therein.</p> <p>(b) If a person is nominated in more than one Sector, the Selection Committee shall have the discretion to require additional documentary evidence or other requirements to ensure that such nominee represents the best interest of, and to recommend to the PEM Board which Sector the nominee is most qualified.</p> <p>xxx</p>	<p>Section 7.09 7.9 Nomination.</p> <p>(a) All nominees to the <i>Rules Change Committee</i> shall be submitted to the Selection Committee <u>PEM Board</u> by the respective <i>Sector</i> which is intended to be represented therein.</p> <p>(b) If a person is nominated in more than one <i>Sector</i>, the Selection Committee <u>PEM Board</u> shall have the discretion to require additional documentary evidence or other requirements to ensure that such nominee represents the best interest of <u>the Sectors</u>, and to recommend to the PEM Board <u>decide</u> which <i>Sector</i> the nominee is most qualified.</p> <p>xxx</p>	<ul style="list-style-type: none"> • References to non-Governance Committees of the PEM Board are removed as this Manual is intended to pertain only to WESM Governance Committees. • For clarity • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Technical Committee	8	Article VIII. Technical Committee	Article VIII. Section 8 <i>Technical Committee</i>	Enhancement and re-numbering for consistency with the format of Market Manuals
	8.01	<p>Section 8.01 Composition. The Technical Committee shall consist of at least five (5) members with a representative from the following:</p> <p>(a) one (1) member from the Grid Management Committee;</p> <p>(b) one (1) member from the Distribution Management Committee;</p> <p>(c) one (1) member from the System Operator; and</p> <p>(d) two (2) independent members.</p> <p>The Grid Management Committee and Distribution Management Committee, each has a seat in the Technical Committee and, as far as practicable, shall be represented by their respective Chairpersons and provided further that the Grid Management Committee or the Distribution Management Committee representative is not from System Operator.</p>	<p>Section 8.01 8.1, Composition. The <i>Technical Committee</i> shall consist of at least five (5) members independent members, one (1) member representing the generation sector, one (1) member representing the distribution sector, one (1) member representing the System Operator and one (1) member representing the Market Operator. The Chairperson of the Technical Committee shall be an independent member, with a representative from the following:</p> <p>(a) one (1) member from the Grid Management Committee;</p> <p>(b) one (1) member from the Distribution Management Committee;</p> <p>(c) one (1) member from the System Operator; and</p> <p>(d) two (2) independent members.</p> <p>The Grid Management Committee and Distribution Management Committee, each has a seat in the Technical Committee and, as far as practicable, shall be represented by their respective Chairpersons and provided further that the Grid Management Committee or the Distribution Management Committee representative is not from System Operator.</p>	<ul style="list-style-type: none"> • To ensure that the number of TC members is adequate to support the volume of work assigned to them • To reflect changes due to the dissolution of the DMC and GMC offices. • The matters discussed in the TC impact the trading participants and service providers whose participation in and provision of service to the market involves physical assets that are affected by the decisions made by the TC. That is why we specifically include the representatives from the generation and distribution sector. See attached RCC's position paper providing justification for stakeholder representation in the TC (Annex A-1) • The independence of the Committee is ensured by (1) having more independent members than sectoral members, and (2) assigning an independent member to chair the committee.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
				<ul style="list-style-type: none"> The membership of the Market Operator provides technical expertise on market operations.
Technical Committee	8.02	Section 8.02 Appointment xxx	Section 8.02 8.02 Appointment xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
	8.03	<p>Section 8.03 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, a member of the Technical Committee must have sufficient relevant experience in one or more of the following areas:</p> <p>(a) Power system operations; (b) Information Technology and Information System; and/or (c) In such other fields as may be relevant to and required in the performance of the responsibilities of the Technical Committee.</p>	<p>Section 8.03 8.3 Qualifications. In addition to the qualification requirements under other provisions of these <i>Guidelines</i> and pertinent laws and rules, a the Independent members member of the <i>Technical Committee</i> must shall have sufficient relevant experience in one (1) or more of the following areas fields:</p> <p>(a) Power system operations; (b) Information Technology and Information System; and/or (c) Generation; (d) Distribution; (e) Metering; and/or (f) In such Such other fields as may be relevant to and required in the performance of the responsibilities of the <i>Technical Committee</i>.</p>	<ul style="list-style-type: none"> Revised qualification is per PEM Board directive during their meeting held on 29 January 2020 Enhancement and re-numbering for consistency with the format of Market Manuals
Technical Committee	8.04 8.05	<p>Section 8.04 Responsibilities xxx</p> <p>Section 8.05 Term of Office xxx</p>	<p>Section 8.04 8.4 Responsibilities xxx</p> <p>Section 8.05 8.5 Term of Office xxx</p>	Enhancement and re-numbering for consistency with the format of Market Manuals
	8.06	Section 8.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.	Section 8.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.	A general provision on filling-up vacancies is added as Section 3.1.2.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Technical Committee	8.07	Section 8.07 Conduct of Business, Voting and Procedures xxx	Section 8.07 8.6 Conduct of Business, Voting and Procedures xxx	Enhancement and re-numbering due to deletion of Section 8.06 and for consistency with the format of Market Manuals
Dispute Resolution Group	9	Article IX. Dispute Resolution Group	Article IX. Section 9 <i>Dispute Resolution Group Administrator</i>	<ul style="list-style-type: none"> • To reflect amendments as per DOE DC No. 2018-05-0016 • Enhancement and re-numbering for consistency with the format of Market Manuals
	9.01	Section 9.01 Composition. The Dispute Resolution Group shall consist of seven (7) members and a Dispute Resolution Administrator as chairperson.	Section 9.01 Composition. The Dispute Resolution Group shall consist of seven (7) members and a Dispute Resolution Administrator as chairperson.	To reflect amendments as per DOE DC No. 2018-05-0016
	9.02	<p>Section 9.02 Appointment. The PEM Board appoints the members and the chairperson of the DRG.</p> <p>Consistent with the WESM Rules, the DRA, together with the Selection Committee, shall select the members of the DRG following the qualifications provided below. Thereafter, the DRA shall present the shortlisted nominees for the appointment of the PEM Board.</p> <p>The PEM Board shall endeavor to appoint persons with expertise necessary to ensure that combined expertise of the members of the DRG covers the areas of their concerned functions and responsibilities.</p>	<p>Section 9.02 9.1 Appointment. The <i>PEM Board shall</i> appoints the members and the chairperson of the DRG.</p> <p>Consistent with the WESM Rules, the DRA, together with the Selection Committee, shall select the members of the DRG following the qualifications provided below. Thereafter, the DRA shall present the shortlisted nominees for the appointment of the PEM Board.</p> <p>The PEM Board shall endeavor to appoint persons with expertise necessary to ensure that combined expertise of the members of the DRG covers the areas of their concerned functions and responsibilities. a person to act as the <i>Dispute Resolution Administrator</i>.</p>	<ul style="list-style-type: none"> • To reflect amendments as per DOE DC No. 2018-05-0016 • Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Dispute Resolution Group	9.03	Section 9.03 Qualifications. In addition to the qualification requirements under other provisions of these Guidelines and pertinent laws and rules, Dispute Resolution Group and Dispute Resolution Administrator must: xxx	Section 9.03 9.2 Qualifications. In addition to the qualification requirements under other provisions of these <i>Guidelines</i> and pertinent laws and rules, the Dispute Resolution Group and Dispute Resolution Administrator must: xxx	<ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals
	9.04	Section 9.04 Responsibilities. The Dispute Resolution Administrator and Dispute Resolution Group tasked to facilitate the mediation of the dispute between the parties to reach resolution in accordance with the dispute resolution process and in addition to the responsibilities under applicable rules, shall have the following specific duties and functions: (a) To mediate, arbitrate and resolve disputes as described in the WESM Rules between any of the following: (i) The Market Operator; (ii) The System Operator; (iii) The PEM Board and its Working Groups, except the Dispute Resolution Administrator; (iv) WESM Members; (v) Intending WESM Members; and (vi) Persons notified by the Market Operator that their application for registration as WESM Member has been unsuccessful as to:	Section 9.04 9.3 Responsibilities. The <i>Dispute Resolution Administrator and Dispute Resolution Group</i> is tasked to facilitate the mediation amicable resolution of the disputes between the parties to reach resolution in accordance with the WESM dispute resolution process and, in addition to the responsibilities under applicable rules, shall have the following specific duties and functions: (a) To facilitate the mediate, arbitrate and resolve mediation and arbitration of disputes as described in the <i>WESM Rules</i> between any of the following: (i) The <i>Market Operator</i> ; (ii) The <i>System Operator</i> ; (iii) The <i>PEM Board</i> and its Working Groups WESM Governance Committees , except the <i>Dispute Resolution Administrator</i> ; (iv) <i>WESM Members</i> ; and (v) <i>Intending WESM Members</i> ; and (vi) Persons notified by the Market Operator that their application for registration as WESM Member has been unsuccessful as to:	<ul style="list-style-type: none"> To reflect amendments as per DOE DC No. 2018-05-0016 Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>1. The application or interpretation of the WESM Rules; or</p> <p>2. A dispute under or in relation to a contract between two or more persons or entities referred to above where that contract provides that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to that contract with respect to the application of the WESM Rules; or</p> <p>3. A dispute under or in relation to other rules and regulations issued by the DOE and ERC under the Act, where such rules and regulations provide that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to those rules and regulations; or</p> <p>4. The failure of an entity or entities to act or behave in a manner consistent with the WESM Rules;</p>	<p>(b) <u>To facilitate the mediation and arbitration of disputes arising from or in connection with or in relation to one or more of the following:</u></p> <p>1. (i) The application or interpretation of the <i>WESM Rules</i>; or</p> <p>2. (ii) A dispute under or in relation to a contract between two or more persons or entities referred to above where that contract provides that the dispute resolution procedures under the <i>WESM Rules</i> are to apply to any dispute under or in relation to that contract with respect to the application of the <i>WESM Rules</i>; or</p> <p>3. (iii) A dispute under or in relation to other rules and regulations issued by the DOE and ERC under the Act, where such rules and regulations provide that the dispute resolution procedures under the WESM Rules are to apply to any dispute under or in relation to those rules and regulations; or</p> <p>4. (iv) The failure of an entity or entities to act or behave in a manner consistent with the WESM Rules; <u>or</u></p> <p>5. (v) An obligation to settle payment under the WESM Rules; or</p> <p>6. The failure of a person to become registered as a WESM Member.</p>	

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>5. An obligation to settle payment under the WESM Rules; or</p> <p>6. The failure of a person to become registered as a WESM Member.</p> <p>(b) The DRG shall perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.</p>	<p>(b) The DRG shall perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.</p>	
Dispute Resolution Group	9.05	<p>Section 9.05 Term of Office. The term of office of the members of the DRG shall be appointed for three (3) years. Members of the DRG may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Any member whose term of office expires while he is a member of a Dispute Resolution Panel involved in the arbitration or other resolution of an ongoing dispute, shall continue to hold the position and shall be obliged to complete his or her functions as a member of such panel with respect to such dispute only, when highly necessary, for the immediate resolution of the dispute and upon reasonable determination of the DRA.</p> <p>Service of a member for not more than one year shall not be considered one term.</p>	<p>Section 9.05 <u>9.4</u> Term of Office. The term of office of the members of the DRG shall be appointed for three (3) years. Members of the DRG may be eligible for reappointment but in no case shall his reappointment be made for more than two consecutive terms.</p> <p>Any member whose term of office expires while he is a member of a Dispute Resolution Panel involved in the arbitration or other resolution of an ongoing dispute, shall continue to hold the position and shall be obliged to complete his or her functions as a member of such panel with respect to such dispute only, when highly necessary, for the immediate resolution of the dispute and upon reasonable determination of the DRA.</p> <p>Service of a member for not more than one year shall not be considered one term.</p> <p><u>The DRA shall be appointed for a fixed term of five (5) years and shall be eligible for re-appointment for one additional fixed term.</u></p>	<ul style="list-style-type: none"> • To reflect amendments as per DOE DC No. 2018-05-0016 • Enhancement and re-numbering due to deletion of Section 9.01 and for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
Dispute Resolution Group	9.06	Section 9.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.	Section 9.06 Vacancy. Any vacancy shall be filled by appointment of the PEM Board and the appointee shall serve only the unexpired portion thereof.	A general provision on filling-up vacancies is added as Section 3.1.2.
	9.07	<p>Section 9.07 Conduct of Business, Voting and Procedure. The Dispute Resolution Group may promulgate its own rules of procedure in accordance with the purpose for which each PEM Committee is created and always consistent with the EPIRA, the WESM Rules, the PEMC Charter and these Guidelines. The dispute resolution process shall be guided by the following rules and/or by a process as may be applicable based on generally accepted procedure in dispute resolution:</p> <p>(a) The presence of majority of all members of the Dispute Resolution Panel shall constitute a quorum for the transaction of business.</p> <p>(b) The majority vote of all members of the Dispute Resolution Panel is required to constitute a valid Dispute Resolution Panel decision. In case of disagreement, absence of a member or a vacancy, no decision shall be valid except made by a unanimous vote of the majority of all members of the Dispute Resolution Panel.</p> <p>(c) In case of a vacancy or absence of a member of the Dispute Resolution Panel, the remaining members shall continue to perform its</p>	<p>Section 9.07 9.5 Conduct of Business, Voting and Procedure. The <i>Dispute Resolution Group Administrator</i> may promulgate its own rules of procedure in accordance with the purpose for which each PEM <i>WESM Governance Committee</i> is created and always consistent with the EPIRA, the WESM Rules, the PEMC Charter Articles of Incorporation its By-Laws and these Guidelines. The dispute resolution process shall be guided by the following applicable rules and/or by a process and processes as may be applicable based on the Dispute Resolution Manual. generally accepted procedure in dispute resolution:</p> <p>(a) The presence of majority of all members of the Dispute Resolution Panel shall constitute a quorum for the transaction of business.</p> <p>(b) The majority vote of all members of the Dispute Resolution Panel is required to constitute a valid Dispute Resolution Panel decision. In case of disagreement, absence of a member or a vacancy, no decision shall be valid except made by a unanimous vote of the majority of all members of the Dispute Resolution Panel.</p>	<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • To reflect amendments as per DOE DC No. 2018-05-0016 • Consistent with the previous amendments of the MSC approved by the RCC (Resolution 18-06) and PEM Board (Resolution 2018-03-05), which are currently for DOE approval. • Enhancement and re-numbering due to deletion of Sections 9.01 and 9.06, and for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>functions and duties provided that there is a quorum. Otherwise, the Dispute Resolution Administrator must appoint replacement of such member in the Dispute Resolution Panel to be selected from among the members of the Dispute Resolution Group.</p> <p>(d) In the absence of a Dispute Resolution Panel head / chair for a particular meeting, a temporary head/chair shall be elected by the majority of the members present constituting a quorum subject to the approval of the Dispute Resolution Administrator.</p> <p>(e) The Acting Dispute Resolution Panel chair/head shall serve until a new one is appointed by the Dispute Resolution Administrator.</p>	<p>(e) In case of a vacancy or absence of a member of the Dispute Resolution Panel, the remaining members shall continue to perform its functions and duties provided that there is a quorum. Otherwise, the Dispute Resolution Administrator must appoint replacement of such member in the Dispute Resolution Panel to be selected from among the members of the Dispute Resolution Group.</p> <p>(d) In the absence of a Dispute Resolution Panel head / chair for a particular meeting, a temporary head/chair shall be elected by the majority of the members present constituting a quorum subject to the approval of the Dispute Resolution Administrator.</p> <p>(e) The Acting Dispute Resolution Panel chair/head shall serve until a new one is appointed by the Dispute Resolution Administrator.</p>	
Standards of Conduct for Members of the Committees	10	Article X. Standards of Conduct for Members of the Committees	Article X. Section 10 Standards of Conduct for Members of the Committees	Enhancement and re-numbering for consistency with the format of Market Manuals
	10.01	<p>Section 10.01 To enable the PEM Committees to discharge their collective responsibilities under the WESM Rules, each member shall:</p> <p>xxx</p> <p>(g) Avoid actual or potential conflicts of interest by refraining from participating in any activity that could:</p>	<p>Section 10.04 10.1 To enable the PEM <u>WESM Governance</u> Committees to discharge their collective responsibilities under the <u>WESM Rules</u>, each member shall:</p> <p>xxx</p>	<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		xxx (iii) Take advantage of his position as member of a PEM Committee in the conduct of an outside business; xxx	(g) Avoid actual or potential conflicts of interest by refraining from participating in any activity that could: xxx (iii) Take advantage of his position as member of a PEM <u>WESM Governance Committee</u> in the conduct of an outside business; xxx	
Standards of Conduct for Members of the Committees	10.02 10.03	Section 10.02 A breach of any of the foregoing standards of conduct shall be a ground for termination under Section 4.03 of these Guidelines. Section 10.01 Performance Evaluation. The Board, through the PEMC President and with the assistance of the Market Assessment Group, shall regularly evaluate the performance of the Committee in accordance with a standard duly set for this purpose.	Section 10.02 10.2 A breach of any of the foregoing standards of conduct shall be a ground for termination <u>disqualification</u> under Section 4.03 4.2 of these <i>Guidelines</i> . 10.03 10.3 Performance Evaluation. The PEM Board , through the PEMC President and with the assistance of the Market Assessment Group , shall regularly evaluate the performance of the <u>WESM Governance Committee</u> in accordance with a standard duly set for this purpose.	<ul style="list-style-type: none"> • The Manual currently does not have a Section 4.03. In this regard, the grounds for disqualification under Section 4.2 are suggested to be applied. • To reflect the appropriate parties tasked to evaluate the performance of WESM Governance Committees. • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals
	10.04	Section 10.04 Committee Honoraria. The President of PEMC has the authority to formulate company policy and guidelines for the grant of privileges, per diems and other benefits for the Committee members and subject to the availability of fund.	Section 10.04 10.4 Committee Honoraria. The President of PEMC <u>PEM Board</u> has the authority to formulate company policy and guidelines for the grant of privileges, per diems and other benefits for the <u>WESM Governance Committee</u> members and subject to the availability of fund.	<ul style="list-style-type: none"> • To reflect the appropriate authority who approves the granting of honoraria and other privileges for WESM Governance Committee members.

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
				<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals
Limitations of Liabilities and Indemnification	11	Article XI. Limitations of Liabilities and Indemnification Section 11.01 xxx Section 11.02 xxx	Article XI. Section 11 Limitations of Liabilities and Indemnification Section 11.01 11.1 xxx Section 11.02 11.2 xxx	Enhancement and re-numbering for consistency with the format of Market Manuals
Amendments	12	Article XII. Amendments Section 12.01 Any amendments to this Manual on Guidelines Governing the Constitution of the PEM Board Committees shall be approved by the DOE, following the procedures for changes to Market Manual set out in the WESM Rules and in the relevant Market Manual.	Article XII. Section 12 Amendments Section 12.01 Any amendments to this Manual on Guidelines Governing the Constitution of the PEM Board WESM Governance Committees shall be approved by the DOE, following the procedures for changes to Market Manual set out in the WESM Rules and in the relevant Market Manual.	<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals
Separability Clause	13	Article XIII. Separability Clause Section 13.01 Should any provision or section of this Manual on Guidelines Governing the Constitution of the PEM Board Committees be declared unconstitutional or contrary to law, the parts not so declared shall remain in full force and effect.	Article XIII. Section 13 Separability Clause Section 13.01 Should any provision or section of this Manual on Guidelines Governing the Constitution of the PEM Board WESM Governance Committees be declared unconstitutional or contrary to law, the parts not so declared shall remain in full force and effect.	<ul style="list-style-type: none"> • Reflect that this Market Manual refers solely to WESM Governance Committees • Enhancement and re-numbering for consistency with the format of Market Manuals
Publication and Effectivity	14	Article XIV. Publication and Effectivity	Article XIV. Section 14 Publication and Effectivity	<ul style="list-style-type: none"> • To differentiate the market information website from the

Annex A

Title	Section	Provision	Proposed Amendment	Rationale
		<p>Section 14.01 This Market Manual, as it may be amended from time to time, shall be published in the market information website maintained by the Market Operator.</p> <p>This Market Manual or any amendments thereto shall become effective upon approval of the DOE in accordance with the WESM Rules Clause 8.6.4. The date of effectivity shall be indicated in this document.</p>	<p>Section 14.01 This <i>Market Manual</i>, as it may be amended from time to time, shall be published in the <u>PEMC Website</u> market information website maintained by the Market Operator.</p> <p>This <i>Market Manual</i> or any amendments thereto shall become effective upon approval of the <i>DOE</i> in accordance with the <i>WESM Rules</i> Clause 8.6.4. The date of effectivity shall be indicated in this document.</p>	<p>PEMC website, wherein all Market Rules and Manuals are published by PEMC as the governing body of WESM</p> <ul style="list-style-type: none"> • Enhancement and re-numbering for consistency with the format of Market Manuals
Nomination Form	APPENDIX A	<p>Nomination to:</p> <p>Dispute Resolution Group</p> <p>Audit Committee</p> <p>xxx</p>	<p>[Change logo to most recent WESM Logo]</p> <p>Nomination to:</p> <p>Dispute Resolution Group <u>Administrator</u></p> <p><u>PEM</u> Audit Committee</p> <p>xxx</p>	<ul style="list-style-type: none"> • To reflect amendments as per DOE DC No. 2018-05-0016 • Consistent with the previously approved by the RCC (Resolution No. 19-04) and the PEM Board (Resolution 2019-10-10).
Committee Member's Undertaking – Undertaking for Independent Members	APPENDIX B	<p>In accepting my role as a member of the _____ of the Philippine Electricity Market Corporation ("PEMC"), I, the undersigned, of legal age, after being duly sworn in accordance with law hereby state and undertake that:</p> <p>xxx</p>	<p>In accepting my role as a member of the _____ of the Philippine Electricity Market Corporation ("PEMC"), I, the undersigned, of legal age, after being duly sworn in accordance with law hereby state and undertake that:</p> <p>xxx</p> <p><u>(6) I agree not to be employed or accept employment with any electric power industry participant, or a company or body related to or associated with a WESM Member as defined under the pertinent provisions of WESM Rules</u></p>	<p>To provide for the additional undertaking for independent WGC members consistent with the DOE DC No. 2018-01-0002.</p>

Title	Section	Provision	Proposed Amendment	Rationale
			<u>and Market Manual, within one (1) year after ceasing to be a member of the Committee.</u>	

Note: For convenience, please underline and put in bold letters the proposed changes to the WESM Manual.

|



Rules Change Committee Position Paper**Composition of the WESM Technical Committee under Section 8.02 of the Guidelines
Governing the Constitution of the PEM Board Committees, Issue 3.0**

The composition of the Technical Committee (TC) is currently under review. This comes after the Distribution Management Committee (DMC) and Grid Management Committee (GMC) that had representatives in the TC, were dissolved. There is also a recognition of the need to increase the capacity of the TC because of the increased workload with the implementation of various programs including the New Wholesale Electricity Spot Market (WESM) design, Reserves Market, and Mindanao market integration, among others.

We recommend that the TC be composed of seven (7) members, four (4) of whom are independent, three (3) are sector representatives (including the System Operator), and the chairman selected from among the independent members. This ensures independence of the committee while allowing for a greater level of participation from stakeholders.

The above proposal is being submitted in response to the proposed amendments to the **Guidelines Governing the Constitution of the PEM Board Committees, Issue 3.0** submitted by the Philippine Electricity Market Corporation:

*8.1. Composition. The Technical Committee shall consist of at least ~~six (6)~~ **four (4)** Independent members, **one (1) member representing the generation sector, one (1) member representing the distribution sector,** and one (1) member representing the System Operator. **The Chairperson of the Technical Committee shall be an independent member.***

Background: Effects of the Dissolution of the Grid Management Committee and Distribution Management Committee

There is a need to fill the vacancies in the Technical Committee (TC) following the dissolution of the Grid Management Committee (GMC) and Distribution Management Committee (DMC), both of which had representatives in the TC. Both DMC and GMC were composed of industry experts and practitioners, including those currently working in the industry. In addition to a purely technical perspective, the DMC and GMC representatives brought to the TC actual experiences and insights drawn from actual operations and current practices. Thus, there is a need to restore the TC's access to real-time industry expertise that will allow it to provide the PEM Board with recommendations that are both technically sound and practicable.

The presence of representatives from the Distribution Management Committee (DMC) and the Grid Management Committee (GMC) helped ensure this as they are currently immersed in the operations of their organizations and they are aware of current issues and the corresponding potential solutions. The 2016 Philippine Grid Code¹ provides the following qualifications for GMC members:

¹ ERC Resolution No. 22, Series of 2016

Annex A-1

GM 2.2.2.5 The members of the GMC shall have sufficient technical background and experience to fully understand and evaluate the technical aspects of Grid operation, planning, and development.

On the other hand, the 2017 Philippine Distribution Code² provides the following qualifications for DMC members:

2.2.2.5 The members of the DMC shall be a registered electrical engineer and shall have sufficient technical background and experience of at least 10 years in the Electric Power Industry to fully understand and evaluate the technical aspects of distribution system operation, planning, and development.

In the past, representatives of the DMC and GMC brought to the TC inputs that were developed and discussed among independent experts and industry practitioners. This is no longer possible with the dissolution of both committees. Thus, it is imperative to restore the capacity of the TC to engage and draw forth the perspectives of both experts and practitioners.

While the need for expertise can be addressed by strengthening the qualifications of independent members, relevant knowledge and experience from practitioners can only come from current members of industry. Hence, we recommend that the positions previously held by DMC and GMC representatives be filled by representatives from the distribution and generation sectors. These two sector representatives will be in addition to the representative from the System Operator (SO) who is already part of the TC.

The Technical Committee should have access to the necessary expertise as well as knowledge of current industry practice and conditions.

The dissolution of both committees presents the current dilemma of filling the seats left by the DMC and GMC representatives. PEMC recommended to have six (6) independent members who are deemed to be experts in any one (or more) of the following field: power systems, information technology, generation, distribution, metering and other related fields. However, it was not explained how the candidate's expertise would be established. Would it be enough to have a bachelor's degree in electrical engineering? How many years of related work experience should the candidate possess? We believe that **the level of expertise of potential Technical Committee members should at least be somewhat equal to that of a DMC or GMC representative.**

The matters discussed in the Technical Committee impact the trading participants and service providers. Market participants (i.e. the system operator, distribution utilities and generation companies) will eventually implement the recommendation of the Committee. Thus, sectoral members would be in the best position to provide insights and explain the potential effects of proposed policies on operations and ensure that such policies will not compromise the operation of any element in the system. They can provide much needed real-world insights from actual experience and current practices. It is important that the Committee has timely access to these professional insights from the on-the-ground operators as a check for any potential recommendations.

The independence of the Technical Committee shall be maintained by having majority independent members.

² ERC Resolution No. 2, Series of 2018

Annex A-1

The independence of the Committee is ensured by: (1) having more independent members than sectoral members, and (2) assigning an independent member to chair the committee. The four (4) independent members, one of whom will chair of the committee, will mean that the number of independent votes is always greater than the combined votes of the sectoral representatives.

More importantly, the independent members would clearly benefit from the perspectives from stakeholders: generation, distribution, and the system operator. Without the inclusion of the representatives from the distribution and generation, the SO is the only stakeholder represented in the Technical Committee. If allowed to continue, this would severely limit the viewpoints that would be heard in the committee. **In the interest of fairness and increasing the scope of participation, the generation and distribution sectors, who are also market participants and service providers, should also be represented and allowed to share their perspectives.**

Furthermore, this inclusion of representation from SO, distribution and generation should help ensure balance of inputs in the committee. The presence of multiple viewpoints that is a consequence of broader participation serves as a check to possible imbalance in the committee.

Multiple robust markets and jurisdictions have established that inclusion of market participants in their committees is beneficial.

The Electric Reliability Council of Texas (ERCOT), the first independent system operator and one of nine ISOs in North America, encourages the participation of market participants and other stakeholders in various committees and advisory groups. They meet regularly to develop protocols and procedures that govern the ERCOT system and electricity markets. Stakeholders are involved in multiple levels: working groups, task forces, subcommittees, the Technical Advisory Committee and the ERCOT Board of Directors. ERCOT's Technical Advisory Committee is comprised of stakeholders, which makes recommendations to the Board of Directors. The involvement of stakeholders helps ensure the reliability and equitable access to the system.³

The Reliability Panel of the Australian Electricity Market Commission (AEMC) determines standards and requirements to ensure the security, reliability and safety of power systems. The panel is composed of stakeholders, including consumer groups, generators, network businesses, retailers and the market operator. The presence of multiple stakeholders in the panel helped ensure the reliability and continued operation of the electric system and the continuity of supply.⁴

Nord Pool, the leading power market in Europe, has an Advisory Board consisting of power traders and industry representatives, which provides the highest level of advisory for all activities related to their operations. The composition of the Advisory Board reflects the differences in terms of customer type and geography. The Advisory Board directly reports to the Nord Pool Board.⁵

³ <http://www.ercot.com/committees>

⁴ <https://www.aemc.gov.au/about-us/reliability-panel>

⁵ <https://www.nordpoolgroup.com/About-us/Advisory-board/>