



Republic of the Philippines
DEPARTMENT OF ENERGY
(Kagawaran ng Enerhiya)

DEPARTMENT CIRCULAR NO. DC2020-10-0021

**ADOPTING FURTHER AMENDMENTS TO THE WHOLESALE ELECTRICITY SPOT
MARKET (WESM) RULES**
(Provisions for the Implementation of Independent Market Operator)

WHEREAS, Sections 30 and 37(f) of the Electric Power Industry Reform Act (EPIRA) provides that the DOE, jointly with the electric power industry participants, shall establish the Wholesale Electricity Spot Market (WESM) and formulate the detailed rules governing the operations thereof;

WHEREAS, on 28 June 2002, the DOE, with the endorsement of the electric power industry participants, promulgated the WESM Rules through Department Circular No. DC2002-06-003;

WHEREAS, any changes, amendments, and modifications to the WESM Rules including its Market Manuals shall be undertaken in accordance with the provisions of Chapter 8 thereof;

WHEREAS, on 17 January 2018, the DOE promulgated Department Circular No. DC2018-01-0002, which sets out the formation and structure of the Independent Market Operator (IMO), the resulting WESM governance structure and the manner by which transition to the IMO shall be accomplished;

WHEREAS, on 03 February 2018, the Philippine Electricity Market Board or PEM Board approved the "The Plan for Transition to the Independent Market Operator of the Wholesale Electricity Spot Market" or the Transition Plan which was ratified by majority of the members of the electric industry participants constituted by the Philippine Electricity Market Corporation (PEMC) on 06 February 2018;

WHEREAS, on even date, the DOE Secretary declared the joint endorsement of the TRANSITION PLAN by the DOE and the electric power industry participants as required by the EPIRA;

WHEREAS, in accordance with Section 6.4 of DC2018-01-0002, PEMC submitted the "Guidelines Governing the Nomination and Selection Process of the Board of Directors of the Independent Market Operator of the Philippines, Inc." which provided for a detailed nomination and selection process for the election of the initial and subsequent members of the Board of Directors of the IMO;

WHEREAS, Section 8 of DC2018-01-0002 provides that one of the conditions for transition is the amendment of the WESM Rules and Market Manuals to implement the policy directives on the transition to the IMO as provided therein;

WHEREAS, on 09 May 2018, the PEM Board-approved amendments to the WESM Rules were submitted to the DOE for final approval, in compliance with Chapter 8 of the WESM Rules;

WHEREAS, the DOE and PEMC discussed the proposed amendments on 25 August 2020;

WHEREAS, stakeholders were notified and asked to submit their comments to the proposed WESM amendments including inviting to a meeting and consultation process duly called for that purpose on 04 September 2020;

NOW THEREFORE, pursuant to its authority under the EPIRA and the WESM Rules, the DOE hereby adopts, issues, and promulgates the following amendments to the WESM Rules and its Market Manuals:

Section 1. Amendments to the WESM Rules. The following provisions in the WESM Rules are hereby amended:

- (a) Foreword is amended to reflect the market structure as provided under DC2018-01-0002 whereby PEMC shall remain the Governance Arm of the WESM while market operations functions are transferred to the IMO. Thus:

"The Wholesale Electricity Spot Market (WESM) Rules establishes the basic rules, requirements and procedures that govern the operation of the Philippine electricity market. The *WESM Rules* identifies and recognizes and sets the responsibilities of the *Market Operator*, *System Operator*, *WESM Participants*, and the *Governance Arm* of the *WESM*. These groups shall comply with and are bound by all the provisions of the *WESM Rules*. The *WESM Rules* are intended to be complimentary with the *Grid Code* and *Distribution Code*, all of which are meant to ensure the development of an appropriate, equitable and transparent electricity market, along with a safe, reliable, and efficient operation of the power system.

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The *WESM* is the market where trading of electricity will be made.

The *PEMC*, which is a private, non-stock, non-profit corporation whose functions shall be performed through its Board of Directors, which shall hereafter be referred to as the *PEM Board*, shall be the *Governance Arm* of the *WESM* and shall provide the policies and guidelines of the *WESM* contained in the Implementing Rules and Regulations of the Act, *WESM Rules*, and such other relevant laws, rules and regulations.

The *Independent Market Operator (IMO)*, which is a private, non-stock, non-profit organization, shall administer the operations of the *WESM* in accordance with the EPIRA and its Implementing Rules and Regulations, the *WESM Rules* and *Market Manuals*, and such other relevant laws, rules and regulations.

For this purpose, all references to the *Market Operator* in these Rules shall be understood to refer to the *IMO*. Likewise, all references to the *Governance Arm* of the *WESM* shall be understood to refer to the *PEMC*."

xxx xxx xxx"

- (b) **Clause 1.1** under Introduction is amended to include the Market Operator and the criteria for its BOD in the Scope of Chapter 1 thereof as well as the renaming of the PEM Auditor to PEM Audit Committee. Thus:

"1.1 Scope of Chapter 1

- (a) Purpose of the *WESM Rules*;
 - (b) Parties bound by the *WESM Rules*;
 - (c) Responsibilities of the *Market Operator*, composition, functions and selection of its Board of Directors;
 - (d) Responsibilities of the *System Operator*;
 - (e) Responsibilities of *PEMC* as *Governance Arm* of the *WESM*, and the composition, functions and selection its BOD, the *PEM Board*;
 - (f) Responsibilities of the *PEM Audit Committee*;
 - (g) Responsibilities of the *Market Surveillance Committee*;
 - (h) Responsibilities of the *Technical Committee*;
 - (i) Responsibilities of the *Compliance Committee*; and
 - (j) Public consultation procedures."
- (c) **Clause 1.2.2 (d) and (h)** under Purpose and Application of Rules is amended to include resolution of disputes between the *WESM Participants* and the *Governance Arm*. Thus:

"1.2.2 Purpose of the *WESM Rules*

The *WESM Rules* are promulgated to implement the provisions of the *Act*, its

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(d) Provide a cost-effective framework for resolution of disputes among *WESM Participants*, and between *WESM Participants* and the *Market Operator*, and between the *WESM Participants* and the *Governance Arm*.

xxx xxx xxx

(h) Provide the authority and governance framework of the *Governance Arm* and the *PEM Board*; and

xxx xxx xxx"

- (d) **Clause 1.2.3.2** under the Regulatory Framework is amended to include the System Operator within the authority of the ERC for the enforcement of the rules and regulations governing the operations of the *WESM*. Thus:

"1.2.3.2 To ensure a greater supply and rational pricing of electricity, the Act provides ERC the authority to enforce the rules and regulations governing the operations of the electricity spot market and the activities of the *Market Operator*, the *System Operator* and other participants in the spot market."

- (e) **Clause 1.2.4** under Purpose and Application of Rules is amended to include the Market Operator and System Operator in the coverage of the WESM Rules. Thus:

"1.2.4 Scope of Application

Pursuant to Section 30 of the Act, all *WESM Participants*, the *System Operator*, the *Market Operator*, and the *Governance Arm* of the *WESM* shall comply with the *WESM Rules* and applicable laws or regulations of the Philippines."

- (f) **Clause 1.3.1.2** under Responsibilities of the Market Operator is amended to require the Market Operator to report to the ERC, DOE and the Governance Arm any non-compliance to the WESM Rules and Market Manuals and commission of other acts by any WESM Member, provided for as follows, thus:

"xxx xxx xxx

(c) Identify and report to the ERC, DOE, PCC and the *Governance Arm*, any apparent or possible factually established incidents of non-compliance with the *WESM Rules* and *Market Manuals* by any *WESM Member*." including any suspected/potential incidents of anti-competitive behavior as defined by relevant laws."

- (g) **Clause 1.3.1.5** under Responsibilities of the Market Operator is amended to incorporate the amended Clause 1.3.1.2, thus:

"The *Market Operator* shall provide a printed copy or a soft copy thereof as may be requested by the party concerned of the completed report referred to in Clauses 1.3.1.2 and 1.3.1.4 to:

- (a) The DOE and the ERC;
- (b) The *Governance Arm*;
- (c) The *Philippine Competition Commission (PCC)* with respect to anti-competitive behavior as maybe applicable;"

- (h) **Clause 1.3.2.3** under Market Operator Performance is amended to include the bases to measure the performance of the Market Operator, thus:

"1.3.2.3 In consultation with the *Market Operator*, the *Governance Arm* shall develop performance standards which monitor and provide an indication of the *Market Operator's* performance with respect to:

- (a) The *Market Operator's* responsibilities under the Act, its Implementing Rules and

Regulations (IRR), the WESM Rules, applicable provisions of the Philippine Grid Code (the *Grid Code*) and all other applicable laws, rules and regulations;

- (b) The performance standards, service level agreements, and other conditions set out in the operating agreement between the *Market Operator* and the *Governance Arm*; and
- (c) The achievement of the objectives of the *Act* and the *WESM*.

The *Market Operator* shall comply with the implementation of the approved performance standards.”

- (i) **Clause 1.3.2.4** under Market Operator Performance is amended to include the necessity of DOE approval to the Market Operator performance standards, thus:

“1.3.2.4 The *Market Operator* performance standards shall be reviewed and approved by the DOE.”

- (j) **Clause 1.3.2.5** under Market Operator Performance is amended to read as:

“1.3.2.5 Every year, the *Governance Arm* shall publish a performance report setting out the results of its monitoring of the performance of the *Market Operator* in accordance with herein Clause.”

- (k) **New Clause 1.3.3** and its sub-clauses under Market Operator and System Operator are added to include the composition of the Board of Directors of the Market Operator in accordance with DC2018-01-0002 and the Transition Plan or applicable policy parameters, as the case maybe. Thus:

“1.3.3 Composition of the Market Operator Board

1.3.3.1. The *Market Operator Board* shall be composed of at least 5 members who are independent from the electric power industry participants and from government.

1.3.3.2. A member of the *Market Operator Board* is deemed independent if that person:

- a) is not a director, officer, employee, contractor, consultant, agent, adviser, legal counsel, manager, or shareholder of a *WESM Member* or *System Operator*;
- 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*, as well as those in the foregoing paragraph;
- 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 intermediaries controls, is controlled by a company, affiliate, or any other entity related to or associated with a *WESM Member* or *System Operator* where:

- i. a related company or body is a parent, holding company, subsidiary or

- affiliate of the *WESM Member* or *System Operator*, and
- ii. an associate is a person who is a director, officer, manager or shareholder of that related company or entity or a relative of such a person within the fourth civil degree of affinity or consanguinity; and
- iii. 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;

- d) is not an official or employee of the Philippine government, or its agencies or instrumentalities, but this will not apply to members of the academe in public schools and universities;
- e) 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; and
- f) agrees not to be employed and does not accept any employment with a company, affiliate, or any other entity related to or associated with a *WESM Member* or the *System Operator* within one(1) year after the person ceases to be a member of the *Market Operator Board*.

1.3.3.3. The *Market Operator Board*, whether the initial transitory or regular board, shall be selected and nominated in accordance with the guidelines provided by the *Governance Arm* following the applicable provisions of DC 2018-01-0002 and the Transition Plan and approved by the DOE. Any existing guideline already provided by the *Governance Arm* and approved by DOE shall be made applicable, unless amended by these rules.

The first regular board shall be selected as scheduled unless sooner called and selected without prejudice to the pre-established term of office of the board and insofar as it is consistent with the rules.

1.3.3.4 The *Market Operator Board* shall be elected in accordance with the *Market Operator By-Laws*, from the short list of nominees provided by the *Governance Arm* and any validation process as may be performed by DOE. The *Market Operator By-Laws* and any amendment thereof shall be subject to the approval of the DOE prior to filing with the Securities and Exchange Commission."

- (I) **Original Clause 1.3.3** under Market Operator and System Operator is renumbered to read as:

"1.3.4 Responsibilities of the System Operator

Under these Rules, the *System Operator* shall have the following functions and responsibilities:

(m) **Clause 1.4** and its sub-clauses under Introduction are amended to read as:

“1.4 Governance of the Market

The *WESM* governance is the process by which decisions are made and implemented within the market to ensure attainment of the *WESM* objectives under Clause 1.2.5. *PEMC* which is composed of electric power industry participants shall serve as the *Governance Arm* of the *WESM*.

1.4.1. The *Governance Arm*

1.4.1.1. The *WESM* shall be governed and its power and functions exercised by the *Governance Arm*.

1.4.1.2. In addition to the powers of a corporation under the Revised Corporation Code and those stated therein, the *Governance Arm* shall have all powers necessary, convenient and incidental to the performance of its functions and responsibilities in accordance with the *WESM Rules* as the governance arm.

1.4.1.3. In performing its functions, the *Governance Arm* shall act in a reasonable, ethical and prudent manner, consistent with the *WESM* objectives, which is to facilitate an efficient, competitive, transparent and reliable governance.

1.4.1.4. The *Governance Arm* or thru the *PEM Board* as the case may be, may delegate any of its functions, obligations and powers to a committee or other entity within the bounds of their authority and responsibilities in circumstances when it is reasonable to do so.

1.4.1.5. The *Governance Arm* shall conduct its business activity in accordance with its Articles of Incorporation and By-Laws and other applicable laws, rules and regulation. The Articles of Incorporation and By-Laws, including amendments and revisions thereto, are subject to the approval of the DOE prior to filing with the Securities and Exchange Commission;

1.4.1.6. *PEM Board* is the governing board of the *Governance Arm* and shall have all the powers, functions and responsibilities as provided for by the Revised Corporation Code;”

(n) **Clause 1.4.2.4** under Composition of the *PEM Board* is amended to read as:

"The *PEM Board* shall consist of:

- (a) One (1) Director representing the *Market Operator*,
- (b) One (1) Director representing the *System Operator*;

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- (g) A Chairperson who is one of the Directors of the *PEM Board* and who is elected by a majority of all members of the *PEM Board*.
- (h) The *Governance Arm* President who is one of the four independent Directors and who is elected by a majority of all members of the *PEM Board*. The Chairperson and the *Governance Arm* President shall not be the same person.

All of the above representatives shall formally be elected in accordance with Clause 1.4.3."

- (o) **Clause 1.4.2.7** under Composition of the *PEM Board* is amended to read as:

"For the purposes of this Clause 1.4.2, a person is deemed to be independent of the Philippine electric power industry and qualified to become an independent director if that person:

- (a) Is not a director, officer, employee, contractor, agent, adviser, consultant, legal counsel, manager, or shareholder of a *WESM Member including their spouses*;
- (b) Is not a spouse or relative of a person, within the fourth civil degree of consanguinity or affinity of a director, officer, manager, shareholder of a *WESM Member*, as well as those in the foregoing paragraph;
- (c) Is not an officer, manager, director or shareholder, agent, employee consultant, adviser, legal counsel or contractor of, or is not a person directly or indirectly, through one or more intermediaries controls, is controlled by a company, affiliate or any other entity related to or associated with a *WESM Member*, where:

xxx xxx xxx

- iii. 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;
- (d) is not an official or employee of the Philippine government, or its agencies or instrumentalities, but this will not apply to members of the academe in public schools and universities;
- (e) Has not been employed as an officer, or any supervisory or managerial capacity, by any electric power industry participant, or a company within one year prior to the nomination date; and
- (f) Agrees not to be employed by and does not accept employment with any electric power industry participant, or a company or body related to or associated with a *WESM Member* (as defined in Clause 1.4.2.7 (c)) within one year after the person ceases to be a Director.

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- (p) **Clause 1.4.3** and its sub-clauses under Governance of the Market are amended to read as:

"1.4.3 Nomination and Election to the PEM Board

1.4.3.1. The directors of the *PEM Board* shall be nominated and elected in accordance with the *Governance Arm By-Laws*, provided that the required composition of the *PEM Board* as set out in Clause 1.4.2 is observed, having regard to the expertise necessary for the *PEM Board* to carry out its functions and any relevant provisions of the Revised Corporation Code of the Philippines in relation to the election of directors. Except only for the representative of the *Market Operator*, which sits at the *PEM Board* in an ex-officio capacity, no person can become a member of the *PEM Board* and the *Market Operator Board of Directors* at the same time.

1.4.3.2. With effect from the date on which the *IMO* assumes the duties, functions and responsibilities of the *AGMO*, all *Directors*, the *Governance Arm President*, and the *Chairperson* of the *PEM Board* are to be elected in accordance with the required composition of the *PEM Board* and qualifications as set out in Clause 1.4.2."

- (q) **Clause 1.4.4.1** under Voting Rights is amended to read as:

"1.4.4.1 Unless, expressly stated herein, provisions of the Revised Corporation Code shall apply, provided that:

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- (b) Every decision of at least a majority of votes of *Directors* present shall be valid as a *PEM Board* act, except the election of the *Chairperson* and the President which requires vote of the majority of all the *Directors*. If voting is equal, the *Chairperson* has a casting vote.

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- (r) **Clause 1.4.5** and its sub-clauses under Governance of the Market are amended to read as:

"1.4.5. Obligations of the PEM Board

1.4.5.1. The *PEM Board* shall at all times:

- (a) Protect the public interest and ensure the transparency and efficiency of the *WESM*;
- (b) Fulfill its obligations under the *WESM Rules*;
- (c) Act in a manner that is consistent with the *WESM Rules*;
- (d) Perform all things reasonably necessary to contribute toward the achievement of the *WESM* and the *Act's* objectives;
- (e) Duly consider and take into account the provisions of the *WESM Rules*, when deciding whether or not to approve any matter for which the *PEM Board's* approval or agreement is required under the *WESM Rules*;

- (f) Cause notification to the ERC of all relevant information relating to any action it has taken in accordance with Clause 7.2 in relation to a breach by any *WESM Member*, the *Market Operator* or the *System Operator*, and
- (g) Perform all other things that the *PEM Board* considers reasonably necessary to promote the *WESM* objectives and improve the operation of the *WESM* as well as the *WESM Rules*.

1.4.5.2. The *Governance Arm*, through the *PEM Board* shall have the following powers and duties:

xxx xxx xxx

- (d) In conjunction with the *Compliance Committee* and the *Enforcement and Compliance Office*, enforce the *WESM Rules* and *Market Manuals* in accordance with Clause 7.2;

xxx xxx xxx”

- (s) **Clause 1.4.6** under Governance Arm of the Market is amended to read as:

“1.4.6 Formation of Committees

The *Governance Arm*, through the *PEM Board*, shall form committees and appoint qualified personnel who shall act as the following:

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- (d) A *Rules Change Committee* to assist the *Governance Arm* and/or *PEM Board* and the DOE in relation to the revision and amendment of the *WESM Rules* in accordance with Chapter 8, and the formulation, revision and amendment of *Market Manuals*, procedures and guidelines;
- (e) A *Dispute Resolution Administrator* to facilitate the resolution of the dispute between and/or among the parties within a specified period of time in accordance with the dispute resolution process under Clause 7.3; and
- (f) A *Compliance Committee* to monitor compliance to and oversee the investigation of breach of the *WESM Rules* and *Market Manuals* by *WESM Members*, the *System Operator* and the *Market Operator*, and to perform the functions set out in Clause 1.8.

- (t) **Clause 1.4.7** and its sub-clauses under Governance of the Market are amended to read as:

“1.4.7.1 The *Governance Arm*, through the *PEM Board* shall establish such unit or units within the *Governance Arm* which shall have the following powers and functions:

- (a) a market assessment unit that will:

- (i) Serve as the primary support unit of the *Market Surveillance Committee*;

- (ii) Carry out market monitoring functions, including but not limited to, regularly collect and process market monitoring data and indices;
- (iii) Carry out market assessment functions, and prepare periodic assessment reports on overall market performance and competitiveness;

(b) support units that will:

- (i) Provide technical and secretariat support to the other *WESM Governance Committees* formed in accordance with Clause 1.4.6; and, accordingly provide such support and assistance as may be required and, in a manner as deemed necessary by the respective Committee *Chairpersons*; and
- (ii) Perform such other tasks as assigned by the *Governance Arm* and/or the *PEM Board*, the *WESM Governance Committees* or the *Governance Arm President*.

1.4.7.2. The units that shall be established by the *Governance Arm*, through the *PEM Board* pursuant to Clause 1.4.7.1 shall be composed of an adequate number of personnel with the appropriate knowledge, experience and qualifications necessary to carry out the functions stated in Clause 1.4.7.1."

(u) **Clause 1.4.8** under Governance of the Market is amended to read as:

"The *Governance Arm*, through the *PEM Board*, shall create an *Enforcement and Compliance Office* which shall be headed by an Enforcement and Compliance Officer appointed in accordance with Clause 7.2.8.1.

The *Enforcement and Compliance Office* perform the following functions:

- (a) Administer the enforcement and compliance processes in the *WESM* in accordance with Clause 7.2 and serve as a technical support unit of the *PEM Board* on matters concerning enforcement and compliance;

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- (b) Serve as the primary support unit of the *Compliance Committee*."

(v) **New Clause 1.8** and its sub-clauses under Introduction are added to read as:

"1.8 Compliance Committee

1.8.1 Appointment to the Compliance Committee

1.8.1.1 The *Governance Arm*, through the *PEM Board*, shall appoint persons to form a *Compliance Committee* in such number and with such skills and expertise, and on such terms and conditions, as the *PEM Board* reasonably deems to be appropriate, taking into consideration the nature of the obligations and functions of the *Compliance Committee*, as set out in Clause 1.8.2.

1.8.1.2 The members of the *Compliance Committee* shall be independent of the Philippine electric power industry and the Government.

1.8.2 Responsibilities of the Compliance Committee

The *Compliance Committee* shall from time to time as necessary and as appropriate, or whenever the *Governance Arm*, through the *PEM Board*, directs:

- (a) Review reports of investigation of breaches of 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;
- (b) Review and monitor the compliance of *Enforcement and Compliance Office* with the reportorial requirements pursuant to the *WESM Rules*, *Market Manuals*, and other applicable laws, rules, regulations, or issuances;
- (c) Review and monitor the compliance by the *Market Operator* and the *System Operator* with their obligations pursuant to the *WESM Rules* and *Market Manuals*, or any coordinating or operating agreements, or protocols which may be established governing the performance of their functions and obligations under the *WESM Rules* and *Market Manuals*.
- (d) Propose amendments to the *WESM Rules* or *Market Manuals* in accordance with Chapter 8 with a view of:
 - (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 *Rules Change Committee* in relation to its assessment of proposals to amend the *WESM Rules* or *Market Manuals* under Chapter 8.

1.8.3 Transitory Provisions

Pending the creation of the *Compliance Committee* and the appointment of its members by the *Governance Arm*, through the *PEM Board*, pursuant to Clause 1.8.1, the responsibilities set forth in Clause 1.8.2 shall be discharged by the *Market Surveillance Committee*."

- (w) **Original Clause 1.8** and its sub-clauses under Introduction are renumbered and amended to read as:

"1.9 Enforceability And Amendment Of These Rules

1.9.1 Enforceability

Unless otherwise provided in its other provisions, the *WESM Rules* are enforceable in accordance with Chapter 7.

1.9.2 Changes to the WESM Rules

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- (x) **Original Clause 1.9** under Introduction is renumbered and amended to read as:

“1.10 Public Consultation Procedures

Where the *WESM Rules* identify matters that are subject to review or consultation in accordance with the public consultation procedures, the *Governance Arm* shall ensure that, as a minimum, the following procedures are followed:

- (a) The *Governance Arm* shall publish in the market information website the particulars of the matter for the information of the *Market Operator*, *WESM Participants* and other interested persons, inviting written submissions concerning the matter to be made by a specified date;
- (b) Where, in the reasonable opinion of the *Governance Arm*, there is a diversity of views expressed in the written submissions received under Clause 1.9(a), the *Governance Arm* through the *PEM Board*, shall invite the *Market Operator*, *WESM Participants* and other interested persons to a meeting or meetings at which those views may be presented and discussed. Non-members, who may be deemed interested persons may be invited to attend subject to the discretion of the *PEM Board*;

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- (d) The *Governance Arm* shall provide a copy of the report referred to in Clause 1.9(c) to:
 - (i) The *DOE* and the *ERC* on completion of the report; and
 - (ii) The *Market Operator*, *WESM Participants* and interested persons on request.”

- (y) New terms are hereby added under Glossary Chapter 11, as follows—

“Compliance Committee. The committee formed under Clause 1.4.6 to undertake the functions as set out in Clause 1.8.2 and Clause 7.2.;

Market Operator Board. The Board of Directors of the *IMO*;

Philippine Competition Commission. An independent quasi judicial body created pursuant to Republic Act No. 10667.

Transition Committee. The committee created pursuant to DOE Department Order (DO) No. 2017-07-0010 entitled "Creating the Transition Committee for the Interim Management of the Philippine Electricity Market Corporation and the Wholesale Electricity Spot Market" with the task to review the WESM structure of the market and make recommendations.”

- (z) The definitions of the following terms under Glossary Chapter 11 are amended to read as:

"Director. A member of the *PEM Board* or *IMO Board*, as the case may be;

Independent Market Operator (*IMO*). The Independent Market Operator referred to by Sec. 30 of the *EPIRA*, referred herein as the Market Operator;

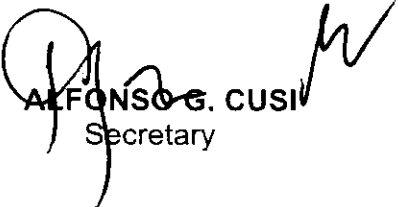
Philippine Electricity Market Corporation or the Governance Arm. The corporation previously incorporated upon the initiative of the *DOE* composed of all direct *WESM Members* and whose Board of Directors will be the *PEM Board*.

PEM Board. The governing board of directors of *the Governance Arm*;"

Section 2. Separability Clause. If for any reason, any section or provision of this Circular is declared unconstitutional or invalid, such parts not affected shall remain valid and subsisting.

Section 3. Effectivity. This Circular shall take effect 15 days following its complete publication in at least two (2) newspapers of general circulation and shall remain in effect until otherwise revoked.

Issued this _____ October 2020 at the DOE, Energy Center, Rizal Drive, Bonifacio Global City, Taguig City, Metro Manila.


ALFONSO G. CUSI
Secretary



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