

AMENDED ARTICLES OF INCORPORATION
OF
PHILIPPINE ELECTRICITY MARKET CORPORATION

KNOW ALL MEN BY THESE PRESENTS:

The undersigned incorporators, all of legal age and residents of the Philippines, have this day voluntarily agreed to form a non-profit non-stock corporation under the laws of the Republic of the Philippines.

THAT WE HEREBY CERTIFY:

FIRST: That the name of this Corporation shall be:

PHILIPPINE ELECTRICITY MARKET CORPORATION

SECOND: That the purposes for which said Corporation is formed are to:

PRIMARY PURPOSE

~~Manage, Govern and administer~~ an efficient, competitive, transparent and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines (the Wholesale Electricity Spot Market or "WESM") consistent with the policy objectives of protecting public interest and ensuring just and reasonable rates of electricity in accordance with Republic Act. No. 9136, its implementing rules and regulations, the rules promulgated to govern the operations of the WESM (the "WESM Rules"), including their respective amendments, and such other laws, rules and regulations which may be enacted hereafter that shall govern the WESM. (As amended on 06 February 2018).

SECONDARY PURPOSES

1. ~~Monitor and oversee the implementation of the WESM Rules, Fulfill its obligations, exercise and perform the powers and duties assigned to it under the WESM Rules, applicable laws, rules and regulations;~~ (As amended on 06 February 2018)
2. ~~Prescribe rules and regulations~~ Adopt market manuals and guidelines as may be required and necessary to implement the WESM Rules; (As amended on 06 February 2018)
3. ~~Supervise the daily operations of the WESM, provided that the Corporation may~~ Jointly with the Department of Energy and in accordance with applicable laws, appoint an entity or corporation (hereinafter the "Market Operator") to perform the day to day operation of the WESM, including software

management, billing and settlements of transactions, to coordinate with the System Operator, and to perform such other functions as may be delegated by the Board of Directors from time to time; (As amended on 06 February 2018)

4. Monitor and oversee the activities of the Market Operator and the System Operator to ensure that these entities fulfill their responsibilities under the WESM Rules, and are acting in a manner consistent with the WESM Rules;

5. Oversee the process by which changes to the WESM Rules and market manuals are proposed and made in accordance with the procedure laid out in the WESM Rules; (As amended on 06 February 2018)

6. Manage, operate, and govern the Renewable Energy Market (the “RE Market”) and perform the powers, duties and functions of the Renewable Energy Registrar, pursuant to Republic Act No. 9513, its implementing rules and regulations, and the rules promulgated to govern the operations of the RE Market (the “REM Rules”), including their amendments, as well as other laws, rules and regulations which may be enacted hereafter to govern the RE Market; provided that the Corporation may appoint an entity or corporation to perform the day to day operations of the Renewable Energy Registrar; (As amended on 06 February 2018)

7. Manage, operate, and govern the retail electricity market and perform the power, duties, and functions of the central registry body, pursuant to applicable laws, the rules promulgated to govern the operations of the retail electricity market and the central registry body (the “Retail Rules”), as well as other laws, rules, and regulations which may be promulgated hereafter to govern the retail electricity market; provided that the Corporation may appoint an entity or corporation to perform the day to day operations of the central registry body; (As amended on 06 February 2018)

8. Impose and collect fees and charges that may be required or necessary for the maintenance of the Corporation and its activities, including, without limitation, the market fees for the Renewable Energy Market, membership dues and special assessments; (As amended on 06 February 2018)

9. Assist the Market Operator in coordinating with the System Operator in order to minimize adverse impacts on system security, encourage market participation, and enable access to the market by the WESM Participants, which include but are not limited to companies, entities or individuals that are engaged in the business of generation, transmission, distribution or supply of electricity (collectively, the “WESM Participants”); (As amended on 06 February 2018)

10. Establish policies relating to membership in the Corporation, including the criteria and procedures for admission to and termination as member from of the Corporation; (As amended on 06 February 2018)

11. Provide for a cost-effective framework for resolution of disputes among WESM Participants, and between WESM Participants and the Market Operator;

12. Provide adequate sanctions and impose said sanctions in cases of breaches of the Rules and the By-laws of the Corporation;

~~13. Supervise activities of the Market Operator relative to transaction billing and settlement procedures;~~

13. Coordinate with the Department of Energy, the Energy Regulatory Commission, and such other government agencies, in the enforcement of the laws and the rules and regulations which exist or may hereafter be imposed for the benefit of the WESM Participants; (As amended on 06 February 2018)

14. Acquire, purchase, or otherwise to own, hold, enjoy, lease, operate, maintain, and to convey, sell, lease, transfer, mortgage or otherwise encumber, dedicate for public use, or otherwise dispose of real or personal property in connection with the business and activities of the Corporation;

15. Enter into, make, perform and carry out, or cancel and rescind contracts of every kind including, without limitation, the delegation of any of its functions and activities, and for any lawful purpose with any person, firm, association, corporation, syndicate, domestic or foreign, or others, provided that such contracts do not contravene existing laws and the Rules;

16. Conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated or which shall at any time appear conducive to or expedient for the protection or benefit of this Corporation;

17. Fund studies and research designed to create programs and/or formulate recommendations for the improvement of the Philippine electricity market and the electric power industry. Special assessments may be levied on the members to fund such research and study programs; (As amended on 06 February 2018)

18. Perform all obligations of the PEM Board as laid out in the ~~WESM~~ Rules; and (As amended on 06 February 2018)

19. Perform all powers of a corporation as provided under the Corporation Code.

The above-enumerated purposes, power and authority shall all be subject to the Republic Act No. 9136 and Republic Act No. 9513 including their implementing rules and regulations, (collectively referred to as the "Law"), the WESM Rules, the Renewable Energy Market Rules, and the Retail Rules (collectively referred to as the Rules), the Philippine Grid Code and the Philippine Distribution Code (collectively referred to as the "Codes") and the applicable laws, rules and regulations, including any amendment thereto, shall be deemed incorporated hereto by reference. Any reference to a government body or agency shall include offices, agencies and bodies which will succeed the authority and responsibilities of the agencies named herein.

As used in these Articles of Incorporation and in the By-laws, capitalized terms shall have the meaning ascribed to them in the Law, the Rules, Codes, these Articles of Incorporation and/or the By-laws of the Corporation. In the event of conflict in interpretation, the same shall be resolved in the following order of importance:

- i. The Law
- ii. The Rules
- iii. The Codes
- iv. The Articles of Incorporation and By-laws

(As amended on 06 February 2018).

THIRD: That the place where the principal office of the Corporation is to be established or located is ~~in Metro Manila~~, at the 18th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines. (As amended on 06 February 2018).

FOURTH: That the term for which the Corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH: That the names, nationalities, and residences of the incorporators are as follows:

| NAME | NATIONALITY | ADDRESS |
|--------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------|
| Vincent S. Perez as incumbent Secretary of the Department of Energy in ex-officio capacity | Filipino | Energy Center, Merritt Road, Fort Bonifacio, Taguig Metro Manila |
| Froilan A. Tampinco | Filipino | Alta Verde Sub. Km.6 Asin Rd. Tuba Benguet |
| Maria P. Garcia | Filipino | Blk 14, Lot 3 Botocan St., NPC Village Tandang Sora, Quezon City |
| Rizalino G. Santos | Filipino | 28 London St. Capitol Homes, Quezon City |
| Rolando T. Bacani | Filipino | 162 Sto. Niño, Guagua, Pampanga |
| Tomas B. Vivero | Filipino | 124 Matimtiman St. Sikatuna Village, Diliman Quezon City |
| Wilhelm G. Ortaliz | Filipino | 18 Ramos St., Carmel Subd, Project 6, Quezon City |
| Wendell V. Ballesteros | Filipino | 61-E Maryland St., Cubao, Quezon City |
| Jesus P. Francisco | Filipino | 25 Rizal St., Ayala Heights, Quezon City |
| Crisanto R. Laset, Jr. | Filipino | 8F Strata 100 Bldg., Emerald Ave., Ortigas Center, Pasig City |
| Dennis P. Gonzales | Filipino | 196 Lipa St., Ayala Alabang Village Muntinlupa City |

| | | |
|---------------------|----------|---------------------------------------------------|
| Samson P. Javellana | Filipino | 54 Switzerland St. Better Living Subd., Parañaque |
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SIXTH: That the number of directors of the Corporation is fifteen (15) and the incorporating directors shall be eleven (11), namely:

| NAME | NATIONALITY | ADDRESS |
|--------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------|
| Vincent S. Perez as incumbent Secretary of the Department of Energy in ex-officio capacity | Filipino | Energy Center, Merritt Road, Fort Bonifacio, Taguig Metro Manila |
| Froilan A. Tampinco | Filipino | Alta Verde Sub. Km.6 Asin Rd. Tuba Benguet |
| Maria P. Garcia | Filipino | Blk 14, Lot 3 Botocan St., NPC Village Tandang Sora, Quezon City |
| Rizalino G. Santos | Filipino | 28 London St. Capitol Homes, Quezon City |
| Rolando T. Bacani | Filipino | 162 Sto. Niño, Guagua, Pampanga |
| Tomas B. Vivero | Filipino | 124 Matimtiman St. Sikatuna Village, Diliman Quezon City |
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| Wendell V. Ballesteros | Filipino | 61-E Maryland St., Cubao, Quezon City |
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| Dennis P. Gonzales | Filipino | 196 Lipa St., Ayala Alabang Village Muntinlupa City |
| Samson P. Javellana | Filipino | 54 Switzerland St. Better Living Subd., Parañaque |

The incumbent Secretary of Energy shall be the ex-officio Chairman of the board of directors for a period as may be provided in the by-laws of the Corporation.

SEVENTH: That the contributions of the incorporators and directors who are also members of the Corporation are as follows:

| NAME | Amount Paid |
|------------------------|-------------|
| Froilan A. Tampinco | P1,000 |
| Maria P. Garcia | P1,000 |
| Rizalino G. Santos | P1,000 |
| Tomas B. Vivero | P1,000 |
| Wilhelm G. Ortaliz | P1,000 |
| Wendell V. Ballesteros | P1,000 |
| Jesus P. Francisco | P1,000 |

| | |
|------------------------|----------------|
| Crisanto R. Laset, Jr. | P1,000 |
| Dennis P. Gonzales | P1,000 |
| Samson P. Javellana | P1,000 |
| TOTAL | P11,000 |

EIGHTH: That ELIZABETH LUMASAC has been elected by the incorporators as treasurer of the Corporation to act as such until her successor is duly elected and qualified in accordance with the By-Laws; and that as such Treasurer, she has been authorized to receive for and in the name and for the benefit of the Corporation, all contributions made by the members.

NINTH: That the Corporation manifest its willingness to change its corporate name in the event another person, firm or entity has acquired a prior right to use the said firm name or one deceptively or confusingly similar to it.

TENTH: That no part of the income which the Corporation may obtain as an incident to its operation shall be distributed as dividends to its members, directors or officers subject to the provisions of the Corporation Code on dissolutions. Any profit obtained by the Corporation as a result of its operations, whenever necessary or proper shall be used for the furtherance of the purposes enumerated in Article SECOND, subject to the provision of Title XI of the Corporation Code.

ELEVENTH: Only individuals or entities who are qualified as WESM Members under the WESM Rules may be members of the Corporation.

TWELFTH: That the Corporation shall comply with the SEC requirements for non-stock corporations in the course of its operation.

{SIGNATURE PAGE FOLLOWS}

In witness whereof, we have set our hands this 13 November 2003 at Taguig, Metro Manila.

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|-----------------------------------------|------------------------|
| Vincent S. Perez Secretary of Energy | Froilan A. Tampinco |
| Maria P. Garcia | Tomas B Vivero |
| Wilhelm G. Ortaliz | Wendell V. Ballesteros |
| Jesus P. Francisco | Crisanto R. Laset, Jr |
| Dennis P. Gonzales | Samson P. Javellana |

WITNESSES:

Cyril C. Del Callar
Undersecretary, DOE

Chrysanthus S. Heruela
Director, DOE