

Proposed Amendments to the Amended Articles of Incorporation
PHILIPPINE ELECTRICITY MARKET CORPORATION

AMENDED AOI (As Approved 06 February 2018)	PROPOSED FURTHER AMENDMENTS	BASIS
<p>SECOND: That the purposes for which said Corporation is formed are to:</p> <p>PRIMARY PURPOSE</p> <p>Govern 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.</p>	<p>PRIMARY PURPOSE</p> <p>Govern an efficient, competitive, transparent and reliable market for the wholesale <u>and retail sale and</u> 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 (<u>the “Act”</u>), its implementing rules and regulations, the <u>detailed</u> rules promulgated to govern the <u>administration and</u> operation s 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.</p>	<ul style="list-style-type: none">• <i>Retail is included for purposes of the governance function of PEMC pursuant to RCOA (DOE DC No. 2017-12-0013)</i>• <i>Retail Rules forms part of the governance and operation of the WESM</i>• <i>Definition of WESM Rules is aligned with the definition provided under Chapter 11 of the WESM Rules –</i>
<p>SECONDARY PURPOSES</p> <p>1. Fulfill its obligations, exercise and perform the powers and duties assigned to it under the WESM Rules, applicable laws, rules and regulations;</p> <p>2. Adopt market manuals and guidelines as may be required and necessary to implement the WESM Rules;</p> <p>3. 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</p>	<p>SECONDARY PURPOSES</p> <p>1. Fulfill its obligations, exercise and perform the powers and duties assigned to it under the <u>Implementing Rules and Regulations of the Act</u>, WESM Rules, <u>its specific systems or protocols (“Market Manual”)</u> and other applicable laws, rules and regulations.</p> <p>2. Adopt market manuals and <u>provide policies and</u> guidelines as may be required and necessary to implement the <u>Implementing Rules and Regulations of the Act</u>, WESM Rules <u>and such other relevant law, rules and regulations</u>;</p> <p>3. Jointly with the Department of Energy (<u>“DOE”</u>) 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,</p>	<ul style="list-style-type: none">• <i>Retail Rules are stated for consistency.</i>• <i>Market Manual as defined in the WESM Rules is included for inclusiveness.</i>• <i>Aligned with DOE DC2020-10-0002 foreword requiring PEMC to refer to the IRR of the Act, WESM Rules and such other relevant laws, rules and regulations in providing policies and guideline of the WESM.</i>• <i>Aligned with Section 1.4.1.4 of DOE DC2020-10-0002 which is stated as follows:</i>

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;	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, <u>provided the same is within the bounds of their authority and responsibility in circumstances when it is reasonable to do so.</u>	<p><i>"Sec. 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 responsibility in circumstances when it is reasonable to do so."</i></p> <ul style="list-style-type: none"> <i>Compliance to relevant provisions of any applicable law on appointment or delegation must is required under Section 1.2.4 of DOE DC2020-10-002</i>
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;	4. Review, m Monitor <u>compliance</u> and oversee the activities of the Market Operator and the System Operator to ensure that these entities fulfill their responsibilities under the WESM Rules, <u>Market Manuals or any coordinating or operating agreements or protocols which may be established governing their performance and obligations under the-Act, Implementing Rules and Regulations of the Act,</u> and are acting in a manner consistent with the WESM Rules <u>and Applicable Laws.</u>	<ul style="list-style-type: none"> <i>Aligned with Section 1.8.1.2 (c) of DOE DC2020-10-002 stating the responsibilities of the Compliance Committee formed and established by PEMC through its Board of Directors.</i> <i>The Compliance Committee shall monitor compliance to and oversee the investigation of breach of the WESM Rules and Market Manuals by the WESM Members, the System Operator and the Market Operator and to perform such other functions set out in the WESM Rules in accordance with DOE DC2020-10-0021 dated 21 October 2021</i>
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;	5. Oversee the process by which changes, <u>revisions and amendments</u> to the WESM Rules and <u>Market Manuals, procedures and guidelines</u> are proposed and made in accordance with the procedure laid out in the WESM Rules, <u>as well as adoption of new market manuals.</u>	<ul style="list-style-type: none"> <i>Inserted as per DOE DC2006-11-0013 and further amended by DOE DC2015-07-00013 dated 29 June 2015</i>
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; <i>provided</i> that the Corporation may appoint an entity or corporation to perform the day to day operations of the Renewable Energy Registrar;	6. <u>Develop, implement, m</u> 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 <u>administration and</u> operation 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; <i>provided</i> that the Corporation may appoint <u>or delegate</u> an entity or corporation to perform the day to day operations of the Renewable Energy Registrar <u>through its Board of Directors provided the same is within the bounds of their authority and responsibilities, in circumstances when it is reasonable to do so, and in accordance with the relevant provisions of any applicable law.</u>	<ul style="list-style-type: none"> <i>Aligned with the definition of REM and REM Rules under DOE DC2019-12-0006 (Annex A) dated 04 December 2019</i> <i>Aligned with Section 1.4.1.4 of DOE DC2020-10-002</i> <i>Compliance to relevant provisions of any applicable law on appointment or delegation must is required under Section 1.2.4 of DOE DC2020-10-002</i>

<p>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; <i>provided</i> that the Corporation may appoint an entity or corporation to perform the day to day operations of the central registry body;</p>	<p>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; <i>provided</i> that the Corporation, <u>thru the Board of Directors, as the case may be, may delegate</u> an entity or corporation to perform the day to day operations of the central registry body, <u>provided the same is within the bounds of their authority and responsibility in circumstances when it is reasonable to do so subject to the relevant provisions of law, rules or regulations requiring authorization, approval or confirmation, as may be applicable.</u></p>	<ul style="list-style-type: none"> • <i>Aligned with Section 1.4.1.4 of DOE DC2020-10-002</i> <p><i>“Sec. 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 responsibility in circumstances when it is reasonable to do so.”</i></p> <ul style="list-style-type: none"> • <i>Compliance to relevant provisions of any applicable law on appointment or delegation is required under Section 1.2.4 of DOE DC2020-10-002 in connection with which states:</i> <p><i>“Sec. 1.2.4 Scope of Application – Pursuant to Sec. 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”</i></p> <p><i>“Sec.1.4.1.5 The Governance Arm shall conduct its business activity in accordance with its AOI and By-laws and other applicable laws, rules and regulations.”</i></p>
<p>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 <u>and</u> special assessments;</p>	<p>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 <u>RE</u> Market, membership dues and special assessments;</p>	<ul style="list-style-type: none"> • <i>For alignment of reference name</i>
<p>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”);</p>	<p>9. Assist the Market Operator in coordinating with the System Operator in order to minimize adverse impacts on system security, <u>develop power system reliability</u>, encourage market participation, and enable access to the <u>WESM</u> by the <u>Participants</u>, 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, <u>requires supply and delivery of electricity for its own use and other entities authorized by ERC to participate in the WESM in accordance with the Act</u> (collectively, the “WESM Participants”);</p>	<ul style="list-style-type: none"> • <i>Power system reliability is included as it is deemed to be integral to system security.</i> • <i>The definition of WESM Participants under the WESM Rules is adopted to include End-Users and other entities authorized by ERC to participate in the WESM in accordance with the Act.</i>
<p>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;</p>	<p><u>NO CHANGE</u></p>	

11. Provide for a cost-effective framework for resolution of disputes among WESM Participants, and between WESM Participants and the Market Operator;	<u>NO CHANGE</u>	
12. Provide adequate sanctions and impose said sanctions in cases of breaches of the Rules and the By-laws of the Corporation;	<u>NO CHANGE</u>	
	<u>13. Monitor the activities of the Market Operator relative to transaction billing and settlement procedures</u>	<ul style="list-style-type: none"> • <i>This power is incidental the responsibilities and obligations of Corporation under the WESM rules on Billing and Settlement</i>
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;	<u>14.</u> 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;	<ul style="list-style-type: none"> • <i>Renumbered</i>
14. Acquire, purchase, or otherwise 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;	<u>15.</u> Acquire, purchase, or otherwise 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;	<ul style="list-style-type: none"> • <i>Renumbered</i>
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;	<u>16.</u> 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;	<ul style="list-style-type: none"> • <i>Renumbered</i>
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;	<u>17.</u> 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;	<ul style="list-style-type: none"> • <i>Renumbered</i>

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;	<u>18.</u> 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;	<ul style="list-style-type: none"> • <i>Renumbered</i>
	<u>19. Issue resolutions or advisories on any matter related to the WESM</u>	<ul style="list-style-type: none"> • <i>Inserted to aligned under Clause 1.4.5.2 (g) of WESM Rules as per DOE DC No.2006-11-0013 dated 09 November 2006.</i>
18. Perform all obligations of the PEM Board as laid out in the Rules; and	<u>19.</u> Perform all <u>powers</u> of the <u>Corporation or the</u> PEM Board, <u>necessary, convenient and incidental to the performance of its functions and responsibilities</u> as laid out in the Rules; and	<ul style="list-style-type: none"> • <i>Aligned with Sec. 1.4.1.2 of the WESM Rules as amended by DOE DC2020-10-0021 dated 21 October 2020.</i> • <i>Renumbered</i>
19. Perform all powers of a corporation as provided under the Corporation Code.	<u>20.</u> Perform all powers of a corporation as provided under the <u>Revised</u> Corporation Code.	<ul style="list-style-type: none"> • <i>Renumbered</i>
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.	The above-enumerated purposes, power and authority shall all be subject to the Republic Act No. 9136, and Republic Act No. 9513 <u>and Republic Act No. 11232</u> including their implementing rules and regulations, <u>as may be applicable</u> (collectively referred to as the “Law”), the WESM Rules, the Renewable Energy Market Rules, and the Retail Rules (collectively referred to as the <u>“Rules”</u>), 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, <u>as may hereinafter be enacted</u> 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.	<ul style="list-style-type: none"> • <i>Aligned to include the Revised Corporation Code</i>
<p>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:</p> <p>i. The Law</p>	NO CHANGE	

<p>ii. The Rules</p> <p>iii. The Codes</p> <p>iv. The Articles of Incorporation and By-laws</p> <p>(As amended on 06 February 2018).</p>		
<p>THIRD: That the place where the principal office of the Corporation is to be established or located is at the 18th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City, Philippines.</p>	<p>NO CHANGE</p>	
<p>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.</p>	<p>FOURTH. That the term for which said Corporation is to exist is fifty (50) years <u>perpetual from and after the date of issuance of the certificate of incorporation, as provided in Section 11 of the Revised Corporation Code of the Philippines.</u></p>	<ul style="list-style-type: none"> Aligned with Section 11 of the Revised Corporation Code
<p>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.</p>	<p>NO CHANGE</p>	
<p>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.</p>	<p>NO CHANGE</p>	
<p>ELEVENTH: Only individuals or entities who are qualified as WESM Members under the WESM Rules may be members of the Corporation.</p>	<p>NO CHANGE</p>	
<p>TWELFTH: That the Corporation shall comply with the SEC requirements for non-stock corporations in the course of its operation.</p>	<p>NO CHANGE</p>	