

**WHOLESALE ELECTRICITY SPOT MARKET  
RULES CHANGE COMMITTEE**

**RESOLUTION NO. 2013-03**

**Proposed Amendment of the Definition of "Financial Year" in the WESM Rules**

**WHEREAS**, on 27 February 2013, the Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC) for consideration and approval, its proposed amendment of the definition of "Financial Year" in the WESM Rules;

**WHEREAS**, Chapter 11 of the Glossary of the WESM Rules defined "Financial Year" *as a period commencing on 01 July in a calendar year and terminating on 01 July in the following Calendar Year*;

**WHEREAS**, the proposal seeks to define financial year similar to calendar year, as the latter is the period followed by PEMC in respect of its financial statements and to align the deadlines for the preparation and submission of reports specified in the WESM Rules with the actual period of reporting of PEMC of its financial statements and budget;

**WHEREAS**, during the 72<sup>nd</sup> RCC Meeting held on 06 March 2013, the proposed amendments were presented to the RCC, for discussion;

**WHEREAS**, in the same meeting, the RCC agreed to publish the proposal in the WESM public information website to solicit comments from market participants and other interested parties;

**WHEREAS**, the proposal was posted in the public information website on 06 March 2013 and the notification-email requesting comments from interested parties was issued on 07 March 2013;

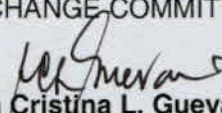
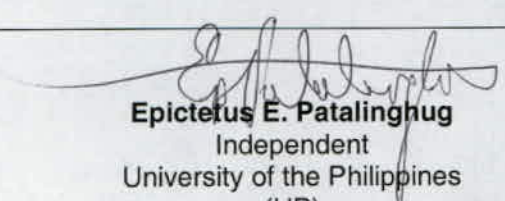
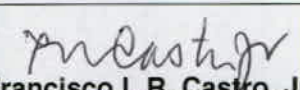

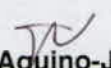
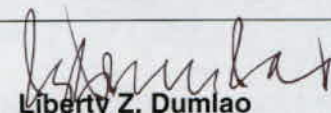
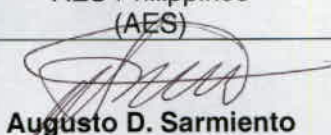

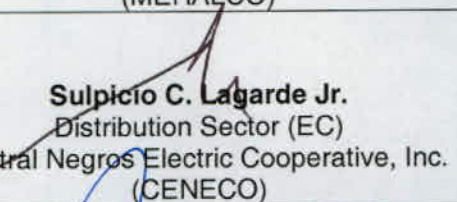
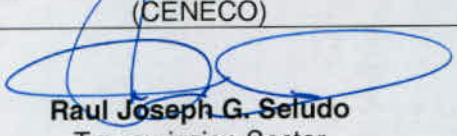
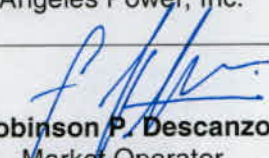
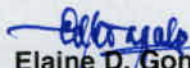
**WHEREAS**, during the 73<sup>rd</sup> RCC Meeting, the RCC, after its deliberation on the matter, agreed to adopt the proposed amendments as submitted by PEMC, subject to the evaluation of further comments, if any, submitted by interested parties until 07 April 2013 the deadline for the submission of comments;

**NOW THEREFORE**, we, the undersigned and in behalf of the sector we represent, hereby resolve as follows:

**RESOLVED**, that the proposed amendment of the definition of "Financial Year" in Chapter 11 of the Glossary of the WESM Rules (attached as Annex "A"), is hereby adopted and approved;

**RESOLVED FURTHER**, that the above proposed amendment to the WESM Rules be endorsed to the PEM Board for approval.

Done this 08 April 2013, Pasig City.

<p>Approved by:  <b>RULES CHANGE COMMITTEE</b>    <b>Rowena Cristina L. Guevara</b>  Chairperson  University of the Philippines  (UP)</p>	
<p>Members:</p>	
 <b>Epictetus E. Patalinghug</b> Independent University of the Philippines (UP)	 <b>Francisco L.R. Castro, Jr.</b> Independent Tensaiken Consulting
 <b>Maila Lourdes G. de Castro</b> Independent	 <b>Cherry Aquino-Javier</b> Generation Sector AES Philippines (AES)
 <b>Liberty Z. Dumlao</b> Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)	 <b>Augusto D. Sarmiento</b> Distribution Sector (PDU) Dagupan Electric Corporation (DECORP)
 <b>Ciprinilo C. Meneses</b> Distribution Sector (PDU) Manila Electric Company (MERALCO)	<b>Jose P. Santos</b> Distribution Sector (EC) Ilocos Norte Electric Cooperative, Inc. (INEC)
 <b>Sulpicio C. Lagarde Jr.</b> Distribution Sector (EC) Central Negros Electric Cooperative, Inc. (CENECO)	<b>Conrado D. Pecjo</b> Supply Sector Angeles Power, Inc.
 <b>Raul Joseph G. Seludo</b> Transmission Sector National Grid Corporation of the Philippines (NGCP)	 <b>Robinson P. Descanzo</b> Market Operator Philippine Electricity Market Corporation (PEMC)
	<p>Certified True and Correct:</p>  <b>Elaine D. Gonzales</b> RCC Secretary PEMC





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**REQUEST FOR WESM RULES AMENDMENTS**

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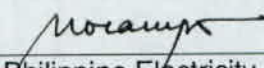
Proposals made only under this prescribed form shall be accepted and considered as submitted.

This request for amendments to the WESM Rules can be submitted to:

**PEM Board**

Attention: **PEM Committee Secretariat**  
Philippine Electricity Market Corporation  
18/F Robinsons Equitable Tower  
ADB Avenue, Ortigas Center  
Pasig City, 1605 Philippines  
Email addresses: rcc@wesm.ph  
Fax Number: (+632) 395-2704

**I. Proposer's Information**

Name	MELINDA L. OCAMPO
Designation	President
Signature	
Company	Philippine Electricity Market Corporation
Company Address	18/F Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
Telephone No.	631 8734
Fax. No.	636 0802
Email Address	helpdesk@wesm.ph

**II. WESM Rules Amendment Information**

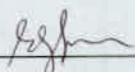
Topic	Revision of the definition of the "Financial Year"
Nature of Request (please indicate with x) <input type="checkbox"/> Addition <input checked="" type="checkbox"/> Alteration <input type="checkbox"/> Deletion <input type="checkbox"/> Clarification <input type="checkbox"/> Clerical Correction	

### III. Proposed Amendment

Title	Section	Provision	Proposed Amendment	Rationale
GLOSSARY	Chapter 11	Financial year. A period commencing on 1 July in a calendar year and terminating on 1 July in the following calendar year.	Financial year. A period referring to calendar year that commences in January and ends in December of the same year.	The rationale for the proposal is to align the definition of the financial year with the calendar year so that the deadlines for the preparation and submission of reports set by the WESM Rules which are referred to the financial year will be consistent with the actual period of reporting of PEMC of its financial statements and budget which is a calendar year.

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

### IV. Referral

Date Received by MAG : 27 February 2013 

Proposed Amendment: ☐ Urgent ☐ Minor ☒ General

#### A. For Urgent Amendment (For the use of PEMC President only)

Date Referred to PEMC President	
Certifies as urgent	<input type="checkbox"/> Yes <input type="checkbox"/> No
Convene the RCC within 48 Hrs.:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Remarks:	

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**B. For Minor and General Amendment (For the use of RCC only)**

Date Referred to RCC:	27 February 2013
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Remarks:

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Action taken:	
Request for comments:	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Request written comments from:
	<input type="checkbox"/> DRG <input type="checkbox"/> MSC <input type="checkbox"/> PA <input type="checkbox"/> TC <input type="checkbox"/> MO <input type="checkbox"/> ECO <input type="checkbox"/> MAG <input type="checkbox"/> Other PEM Board Committees <input type="checkbox"/> Other Interested Parties
For further review of the Technical Sub-Committee/s:	<input type="checkbox"/> Yes Assigned to: <input type="checkbox"/> SO Sub-Committee <input type="checkbox"/> MO Sub-Committee <input type="checkbox"/> Metering Sub-Committee <input type="checkbox"/> Billing and Settlement Sub-Committee <input type="checkbox"/> Legal and Regulatory Sub-Committee
	<input type="checkbox"/> No
For public consultation:	<input type="checkbox"/> Yes <input type="checkbox"/> No
RCC Resolution:	<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved
RCC Resolution Number:	
Date of Resolution:	
RCC Meeting No.:	
Date of endorsement to the PEM Board:	



**Wholesale Electricity  
Spot Market**

RCL/WESM-WR-13-03 RCL

## **Revise the Definition of the “Financial Year”**

PEMC

04 February 2013

## I. SUMMARY OF THE PROPOSED CHANGE IN THE WESM RULES

Title	Section	Provision	Proposed Amendment
GLOSSARY	Chapter 11	Financial year. A period commencing on 1 July in a calendar year and terminating on 1 July in the following calendar year.	Financial year. A period referring to calendar year that commences in January and ends in December of the same year.

## II. BACKGROUND

There are three provisions of the WESM Rules that set the deadlines for the submissions of documents that are referred to a period defined as financial year.

1. Submission of annual statements and other documents

Section 2.11.1.1 No later than four months prior to the start of each financial year, the Market Operator shall submit an annual statement of expected income and expenses to the PEM Board for approval XXX

2. Market Operator to prepare report

Section .12.1.1 No later than four months after the end of each financial year, the Market operator shall prepare an annual report, setting out, among others, the following a) The budgeted and actual expenditures and revenues of the Market Operator xxx b) an explanation of significant variation between budgeted and actual revenues xxx

3. Confirmation of maximum exposure

Section 3.15.4.1 Subject to clause 3.15.2.2, prior to the end of each financial year the Market Operator shall determine and provide written confirmation to each WESM member of its maximum exposure to the Market Operator in respect of a billing period in the following financial year.

Since the incorporation of PEMC in 2004, the reporting of its financial statements followed a fiscal year which starts in January and ends in December as per Article XII, Section 1 of the company's by-laws. This is consistent and in accordance with the BIR tax accounting period. The budget preparation and the annual reporting of PEMC are matched to the period covered by its financial statements. The market fees, as well, are accounted for on an annual basis using the calendar period considering that this has to follow the reporting of the company's financial statements. Due to the inconsistency of the "financial year", as defined in the WESM Rules, with the "calendar year", the deadlines set in the rules are impractical to implement. As such, it would be appropriate that the



financial year shall be revised to match the beginning and ending months of the calendar year.

### **III. THE PROPOSED CHANGE**

In the Chapter 11, Glossary, of the WESM Rules, the "Financial Year" is defined as *a period commencing on 1 July in a calendar year and terminating on 1 July in the following calendar year*. The proposed revision is to define the financial year similar to the calendar year, as the latter is the period followed by PEMC in respect of its financial statements. The rationale for the proposal is to align the deadlines for the preparation and submission of reports specified in the WESM Rules with the actual period of reporting of PEMC of its financial statements and budget.

### **IV. BACKGROUND AND DESCRIPTION OF THE PROPONENT**

The proponent is the Philippine Electricity Market Corporation. PEMC acts as both the governance arm and market operator of the WESM.

#### **Top Officers:**

M. L. Ocampo, President  
M.T. NUNEZ, VP-CSD  
C. S. Heruela, VP-MAG  
R.A.P. Anosan, VP-ECO  
R. P. Descanzo, VP-CPC  
C.C. CLAUDIO, VP-TO  
C. S. Martin-Funelas, VP-Legal

### **V. CONCLUSIONS AND RECOMMENDATIONS**

The change in the definition of "financial year" will provide clarity to the due dates set in the WESM Rules that are referred to the beginning or end of the said period.

### **VI. REFERENCES**

WESM Rules (As Amended)