

RULES CHANGE COMMITTEE

Proposed Amendments to WESM Rules and Enforcement and Compliance Manual in Alignment with the Penalty Manual Revisions



Effective Date : 22 December 2023

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WHEREAS, the WESM Rules provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for breach and the requirements and procedures before sanctions can be imposed, and the design and promulgation of a penalty scheme that will be applied in case of breach;

WHEREAS, the Enforcement and Compliance Manual (ECM) sets out the guidelines and procedures for monitoring compliance by WESM Members with their obligations under the WESM Rules, the Retail Rules and its Market Manuals, and in the investigation and imposition of sanctions for breach;

WHEREAS, Clause 7.2.5.4 of the WESM Rules and Section 3.6 of the WESM Penalty Manual require the Market Operator (MO) to implement the Notice of Specified Penalties served on it and distribution of the collected financial penalties in accordance with the guidelines it shall develop pursuant to Section 6 of said Manual;

WHEREAS, on 12 September 2023, Philippine Electricity Market Corporation (PEMC) submitted to the Rules Change Committee (RCC), for review and deliberation, proposed amendments to the WESM Rules and ECM, and, for reference, proposed amendments to the Penalty Manual, which seek to:

A. On Collection and Utilization of Financial Penalty

- 1.) Transfer the responsibility to collect penalties from the Market Operator to the WESM Governance Arm;
- 2.) Change the provisions regarding utilization of penalty collected;
- 3.) Change the timeline for the implementation of the enforcement sanction (exhaustion of remedies before penalty collection);
- 4.) Transfer of Provisions/Section on RR and Appeal from Penalty to EC Manual; and
- 5.) Minor and clerical correction.

B. On Enforcement and Compliance

- 1.) Transfer all provisions relating to enforcement remedies, i.e., Request for Reconsideration and Appeal proceedings, from the Penalty Manual to Enforcement and Compliance Manual;
- 2.) Change the timeline for response to non-compliance notice and issuance of the compliance monitoring and assessment report;
- 3.) Include provisions or revision to provide clarity on the need for verification of the request for investigation, report of probable breach, and directive or order to investigate as prerequisite to the issuance of the notice of investigation; and
- 4.) Minor and clerical correction.

WHEREAS, during the 220th RCC (Regular) Meeting last 15 September 2023, the proponent presented the key points of the proposal emphasizing that the proposed amendments to Penalty Manual and ECM are interconnected and require harmonization. Regarding the Penalty Manual, the proponent added that the Market Surveillance Committee's (MSC) consultations with the PEM Board, Compliance Committee (CC), and RCC will be through their respective deliberations on the proposal. In view of the

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foregoing, the RCC approved the publication for comments of the subject proposal, including the related proposal on the Penalty Manual, subject to minor and clerical revisions;

WHEREAS, following the 30-day commenting period from 20 September 2023 to 06 November 2023, comments were received from Aboitiz Power Corporation (APC), SPC Power Corporation/SPC Island Power Corporation (SPC/SPIC), and ACEN Corporation;

WHEREAS, during the 225th RCC (Regular) Meeting last 17 November 2023, a line-by-line deliberation of the proposed amendments was done, in consideration of the comments received, with the following highlights:

- 1.) It was suggested not to abbreviate the “Notice of Specified Penalty” as “NSP” to avoid confusion with the “Network Service Provider or NSP” that is currently used in various Market Manuals; and
- 2.) On the proposed utilization of penalties, the RCC requested PEMC to review and discuss with MSC the legal and structural basis for PEMC to utilize penalties. Considering that the proposed amendments to the Penalty Manual are for the MSC’s deliberation, PEMC will be updating the RCC on the MSC’s discussion and decision on the matter;

WHEREAS, the RCC provisionally approved during the same meeting and finalized during its 226th (Regular) Meeting on 14 December 2023 the proposed amendments on the WESM Rules and ECM;

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

RESOLVED, that the RCC approve, as amended, the Proposed Amendment to the WESM Rules and WESM Manual on Enforcement and Compliance attached as Annex A;

RESOLVED FURTHER, that the said Proposed Amendment to the WESM Rules and WESM Manual on Enforcement and Compliance are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for promulgation.

Done this **22nd** day of **December** 2023, Pasig City

Proposed Amendments to the WESM Rules and WESM Manuals on Penalty and Enforcement and Compliance

Approved by: THE RULES CHANGE COMMITTEE	
Independent Members:	
(signed) JESUSITO G. MORALLOS Chairperson	(signed) JOSE RODERICK F. FERNANDO
(signed) RACHEL ANGELA P. ANOSAN	(signed) JORDAN REL C. ORILLAZA
Generation Sector Members:	
(signed) DIXIE ANTHONY R. BANZON Masinloc Power Partners Co. Ltd. (MPPCL)	(signed) CHERRY A. JAVIER Aboitiz Power Corp. (APC)
(signed) CARLITO C. CLAUDIO Millennium Energy, Inc./ Pansia Energy, Inc. (MEI/PEI)	(signed) MARK D. HABANA Vivant Corporation - Philippines (Vivant)
Distribution Sector Members:	
(signed) RYAN S. MORALES Manila Electric Company (MERALCO)	(signed) VIRGILIO C. FORTICH, JR. Cebu III Electric Cooperative, Inc. (CEBECO III)
(signed) NELSON M. DELA CRUZ Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II – Area 1)	(signed) RUSSEL S. ALABADO Angeles Electric Corporation (AEC)

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Supply Sector Member:
<p>(signed) GIAN KARLA C. GUTIERREZ First Gen Corporation (FGC)</p>
Market Operator Member:
<p>(signed) ISIDRO E. CACHO, JR. Independent Electricity Market Operator of the Philippines (IEMOP)</p>
System Operator Member:
<p>(signed) DARRYL A. ORTIZ National Grid Corporation of the Philippines (NGCP)</p>

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Rules (As of 15 August 2023)				
Title	Clause	Original Provision	Proposed Amendment	Rationale
Chapter 7 – ENFORCEMENT AND DISPUTES 7.2 ENFORCEMENT 7.2.4 Enforcement Proceedings	7.2.4.2 (2nd paragraph)	7.2.4.1 x x x 7.2.4.2 x x x The Enforcement and Compliance Office shall ensure that the necessary verification or assessment of compliance or non-compliance is performed and that due process is observed in the conduct of compliance monitoring and assessment. Upon finding of breach by the Enforcement and Compliance Office, penalties shall immediately be imposed by the Enforcement and Compliance Office on the concerned WESM Member through issuance of notice of specified penalty by the PEMC pursuant to Clause 7.2.5.2. Provided, however, that the WESM Member may file a request for reconsideration with the Enforcement and Compliance Office.	7.2.4.1 x x x 7.2.4.2 x x x The <i>Enforcement and Compliance Office</i> shall ensure that the necessary verification or assessment of compliance or non-compliance is performed, and that due process is observed in the conduct of compliance monitoring and assessment. Upon finding of <i>breach</i> by the <i>Enforcement and Compliance Office</i> , penalties shall immediately be imposed by the <i>Enforcement and Compliance Office</i> on the concerned <i>WESM Member</i> pursuant to Clause 7.2.5.2 through issuance of notice of specified penalty by the PEMC President of the WESM Governance Arm ; pursuant to Clause 7.2.5.2. provided, however, that it shall be issued to the said WESM Member may file a request for reconsideration with the <i>Enforcement and Compliance Office</i>. after it has been afforded the adequate opportunity to avail of the enforcement remedies provided by the relevant <i>Market Manual</i>.	<ul style="list-style-type: none"> Changed PEMC to President of the WESM Governance Arm for consistency in the use of terminology. Revised to provide basis for the rule on exhaustion of available remedies before a penalty is issued/implemented. (Remedies such as Request for Reconsideration and Appeal is proposed to be included in the implementing Market Manual, i.e., Enforcement and Compliance Manual) Clerical revisions
Chapter 7 – ENFORCEMENT AND DISPUTES 7.2 ENFORCEMENT 7.2.4 Enforcement Proceedings	7.2.4.11	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <i>Enforcement and Compliance Office</i> , shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5. Provided, however, that the <i>WESM Member</i> may file a request for reconsideration to the <i>PEM Board</i> .	7.2.4.11 If the decision of the <i>PEM Board</i> is to penalize the <i>WESM Member</i> , the <i>Enforcement and Compliance Office</i> , President of the WESM Governance Arm shall issue a notice of penalty to the <i>WESM Member</i> in accordance with the <i>WESM Penalty Manual</i> adopted pursuant to Clause 7.2.5.5.; provided, however, that it shall be issued to the said WESM Member may file a	<ul style="list-style-type: none"> President of the WESM Governance Arm to issue the Notice of Specified Penalty after findings of breach by ECO - for consistency with the related provisions on issuance of Notice of Specified Penalty in the Penalty Manual. Revised to provide basis for the rule

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WESM Rules (As of 15 August 2023)				
Title	Clause	Original Provision	Proposed Amendment	Rationale
			request for reconsideration to the <i>PEM Board</i>. after it has been afforded the adequate opportunity to avail of the enforcement remedies provided by the relevant <i>Market Manual</i>.	on exhaustion of available remedies before a penalty is issued/implemented. (Remedies such as Request for Reconsideration and Appeal is proposed to be included in the implementing Market Manual, <i>i.e.</i> , Enforcement and Compliance Manual)
CHAPTER 7 - ENFORCEMENT AND DISPUTES 7.2 ENFORCEMENT 7.2.5 Enforcement Actions	7.2.5.4	If the breach is of such a nature that payment of compensation to affected parties is required, the <i>Market Operator</i> on behalf of the affected party may make a demand for payment under the <i>WESM Rules</i> without prejudice to the sanctions and penalties that the <i>ERC</i> may impose.	If the breach is of such a nature that payment of compensation to affected parties is required, the <i>Market Operator</i> <i>WESM Governance Arm</i> on behalf of the affected party may make a demand for payment under the <i>WESM Rules</i> without prejudice to the sanctions and penalties that the <i>ERC</i> may impose.	Collection of penalty is proposed to be transferred to WESM Governance Arm.
CHAPTER 7 - ENFORCEMENT AND DISPUTES 7.2 ENFORCEMENT 7.2.5 Enforcement Actions	7.2.5.5	7.2.5.5 A <i>WESM Penalty Manual</i> shall be adopted and promulgated by the <i>DOE</i> which shall specify the: (a) Acts or omissions constituting <i>breach</i> of the <i>WESM Rules</i> or <i>Market Manuals</i> for which penalties can be imposed; (b) Penalties, financial and non-financial, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and (c) Procedures for and respective obligations of responsible persons or entities in implementing penalties.	7.2.5.5 A <i>WESM Penalty Manual</i> shall be adopted and promulgated by the <i>DOE</i> which shall specify the: (a) Acts or omissions constituting <i>breach</i> of the <i>WESM Rules</i> or <i>Market Manuals</i> for which penalties can be imposed; (b) Penalties, financial and non-financial, that can be imposed for each type of breach, which should be commensurate to the nature and gravity of the breach; and (c) Utilization of financial penalty collected; and (e) (d) Procedures for and respective obligations of responsible persons or entities in implementing penalties.	Revised to add basis for including a provision on penalty utilization in the Penalty Manual.
CHAPTER 11 – Glossary		Enforcement proceeding. This is the activity carried out to establish and determine the occurrence of breach and the corresponding	Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the	To add reconsideration and appeal proceedings as essential enforcement activities in determining breach of the

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WESM Rules (As of 15 August 2023)				
Title	Clause	Original Provision	Proposed Amendment	Rationale
		enforcement action that will be carried out as a consequence of the breach, and includes monitoring, assessment, investigation and imposing enforcement actions.	corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment, investigation, reconsideration and appeal proceedings , and imposing imposition of enforcement actions.	Rules.

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 3 LEGAL AND REGULATORY FRAMEWORK	3.1.3	<p>Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and promulgation of a penalty scheme that will be applied in case of <i>breach</i>.[4]</p> <p>Footnote: [3] <i>WESM Rules</i>, Clause 1.8.1 and Section 7.2</p> <p>[4] <i>WESM Rules</i>, Clause 1.6.3</p>	<p>Pursuant to the legal mandate discussed above, the <i>WESM Rules</i> provide for the manner by which they are to be enforced, including particularly the imposition of sanctions for <i>breach</i> and the requirements and procedures before sanctions can be imposed.[3] The <i>WESM Rules</i> likewise provide for the design and promulgation of a penalty scheme that will be applied in case of <i>breach</i>.[4]</p> <p>Footnote: [3] <i>WESM Rules</i>, Clauses 1.8.1 7.1 and Section 7.2</p> <p>[4] <i>WESM Rules</i>, Clause 1.6.3 7.2.5.5</p>	Minor – Change in Rule Reference (Footnote) – as may be affected by previous amendments to the WESM Rules.
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.2 Enforcement of The Market Rules	3.2.2	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the Philippine Electricity Market Board and the <i>Compliance Committee</i> in respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the Philippine Electricity Market Corporation.	In line with this, the <i>WESM Rules</i> prescribe the respective mandates of the Philippine Electricity Market Board PEM Board and the <i>Compliance Committee</i> in respect to enforcement and compliance. The <i>WESM Rules</i> also provide for the creation of an <i>Enforcement and Compliance Office</i> to assist the Board in carrying out its enforcement and compliance functions. The <i>Enforcement and Compliance Office</i> is a unit within the Philippine Electricity Market Corporation (PEMC) WESM Governance Arm.	For consistency with the terminology used in the Market Rules and Market Manuals.
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.2. Enforcement of the Market Rules	3.2.1	The <i>WESM Rules</i> establish a governance structure for the <i>WESM</i> which includes, among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i> include the formation of a governing body.[8]	The <i>WESM Rules</i> establish a governance structure for the <i>WESM</i> which includes, among other things, a structure for carrying out enforcement and compliance functions. The establishment of such governance structure is pursuant to the EPIRA which, provides that the procedures for administering the market which are to be set out in the <i>WESM Rules</i> include the formation of a governing body.[8]	Minor – correction in the rule reference.

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WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
		Footnote: [8] WESM Manual on Registration, Suspension and De-registration Criteria and Procedures	Footnote: [8] WESM Manual on Registration, Suspension and De-registration Criteria and Procedures <u>Section 30 (c) of R.A 9136 otherwise known as the “Electric Power Industry Reform Act of 2001”</u>	
SECTION 3 LEGAL AND REGULATORY FRAMEWORK 3.4 Enforcement Actions Under the WESM Rules	3.4.1	<i>WESM Rules</i> Clause 1.8.1 provides that the Rules are to be enforceable in accordance with its Chapter 7.	<i>WESM Rules</i> Clause 1.8.1 <u>1.9.1</u> provides that the Rules are to be enforceable in accordance with its Chapter 7.	Minor – Change in Rule Reference – as may be affected by previous amendments to the WESM Rules.
SECTION 4 RESPONSIBILITIES 4.2. Compliance Committee	4.2.1	Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i> , the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to: a) Review reports of investigations of breaches to the <i>WESM Rules</i> and <i>Market Manuals</i> carried out by the <i>Enforcement and Compliance Office</i> 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 the <i>Enforcement and Compliance Office</i> 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 <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the <i>WESM Rules</i> and <i>Market Manuals</i> , or	Within the limits set out in this Manual and in addition to its functions as set out in the <i>Market Rules</i> and the <i>Compliance Committee Manual</i> , the <i>Compliance Committee</i> has the following authority and obligation in respect to enforcement of the Market Rules. Its enforcement authority includes the authority to: a) Review reports of investigations of breaches to the <i>WESM Rules</i> and <i>Market Manuals</i> carried out by the <i>Enforcement and Compliance Office</i> 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 the <i>Enforcement and Compliance Office</i> 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 <i>Market Operator</i> and the <i>System Operator</i> with their obligations pursuant to the <i>WESM Rules</i> and <i>Market Manuals</i> , or	<ul style="list-style-type: none"> Added another item - for consistency with the WESM Rules Renumbered the succeeding/affected sub-items under Section 4.2.1 Clerical revisions

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
		<p>any coordinating or operating agreements, or protocols which may be established governing the performance of their functions and obligations under the <i>WESM Rules</i> and <i>Market Manuals</i>.</p> <p>d) Propose amendments to the WESM Rules or Market Manuals in accordance with chapter 8 with a view to:</p> <p>(i) Improving the efficiency and the effectiveness of the operation of the WESM; and</p> <p>(ii) Improving or enhancing the prospects for the achievement of the WESM objectives;</p> <p>e) Assist the <i>Rules Change Committee</i> in relation to its assessment of proposals to amend the WESM Rules or Market Manuals under Chapter 8; and</p> <p>f) Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i>, and implementation of remedial measures as a consequence of such <i>breach</i>, based on outcomes of investigation carried out by the <i>Enforcement and Compliance Office</i>.</p>	<p>any coordinating or operating agreements, or protocols which may be established governing the performance of their functions and obligations under the <i>WESM Rules</i> and <i>Market Manuals</i>;</p> <p><u>d) Review and approve the guidelines for the WESM Compliance Officers' competence standards and certification program;</u></p> <p>d) e) Propose amendments to the WESM Rules or Market Manuals in accordance with chapter 8 with a view to:</p> <p>(i) Improving the efficiency and the effectiveness of the operation of the WESM; and</p> <p>(ii) Improving or enhancing the prospects for the achievement of the WESM objectives;</p> <p>e) f) Assist the <i>Rules Change Committee</i> in relation to its assessment of proposals to amend the WESM Rules or Market Manuals under Chapter 8; and</p> <p>f) g) Recommend to the <i>PEM Board</i> the imposition of penalties for <i>breaches</i> other than those arising from and determined through the compliance monitoring and assessment by <i>Enforcement and Compliance Office</i>, and implementation of remedial measures as a consequence of such <i>breach</i>, based on outcomes of investigation carried out by the <i>Enforcement and Compliance Office</i>.</p>	
SECTION 4 RESPONSIBILITIES 4.4 PEMC President	4.4 4.4.1	4.4. PEMC President 4.4.1 The PEMC President shall have the following functions in respect to enforcement and compliance in the market – a) Appoint the <i>Enforcement and Compliance Office</i> staff; b) Exercise administrative supervision over the	4.4. PEMC President <u>of the WESM Governance Arm</u> 4.4.1 The PEMC President <u>of the WESM Governance Arm</u> shall have the following functions in respect to enforcement and compliance in the market – a) Appoint the <i>Enforcement and Compliance Office</i> staff; b) Exercise administrative supervision over the	For consistency with the terminology used in the Market Rules and Market Manuals

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WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
		<p><i>Enforcement and Compliance Office</i> and its performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual to be issued by or to the <i>Market Operator</i> in accordance with internal business processes of PEMC.</p>	<p><i>Enforcement and Compliance Office</i> and its performance of the duties and responsibilities under this Manual; and</p> <p>c) Issue notices and receive notices or authorize receiving of notices required in this Manual <u>and the <i>WESM Penalty Manual</i></u> to be issued by or to the <i>Market Operator</i> <u>or the <i>System Operator</i></u> in accordance with internal business processes of PEMC <u>the <i>WESM Governance Arm</i></u>.</p>	
<p>SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS</p> <p>5.2 Enforcement Proceedings</p>	5.2.1	<p>WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of <i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out as a consequence of the <i>breach</i>. These include the processes for compliance monitoring and assessment, investigation for <i>breach</i> and imposition of <i>enforcement actions</i>. The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are summarized in Appendices I and II of this Manual.</p>	<p>WESM <i>enforcement proceedings</i> refer to the activities or processes that are carried out to establish and determine the occurrence of <i>breach</i> and the corresponding <i>enforcement action</i> that will be carried out as a consequence of the <i>breach</i>. These include the processes for compliance monitoring and assessment, investigation for <i>breach</i>, <u>proceedings relating to reconsideration and appeal</u> and imposition of <i>enforcement actions</i>. The timeline and the entities responsible and/or accountable for the <i>enforcement proceedings</i> are summarized in Appendices I and II of this Manual.</p>	<ul style="list-style-type: none"> Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual. <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).</p> <p>The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation, and utilization thereof.</p> <ul style="list-style-type: none"> The summary timeline (in tabular form) will be replaced by a process flowchart as Appendix I

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WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS 5.2 Enforcement Proceedings	5.2.3	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a notice of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM Members</i> or <i>WESM Governance Committees</i> . Investigation may also be initiated from the directive of the <i>PEM Board</i> , <i>DOE</i> or <i>ERC</i> . This is carried out by the <i>Enforcement and Compliance Office</i> which shall afford the party being investigated sufficient opportunities to respond to the investigation. Investigation reports of the <i>Enforcement and Compliance Office</i> are reviewed by the <i>Compliance Committee</i> . The results of the investigation, as reviewed, are then submitted to the <i>PEM Board</i> , which has the authority to impose sanctions and penalties, and to require that remedial measures be carried out.	Investigations for breach committed by WESM Members may be initiated by the <i>Enforcement and Compliance Office</i> , from a notice report of probable breach by the <i>Market Operator</i> or the <i>System Operator</i> , or by request for investigation from other <i>WESM Members</i> or <i>WESM Governance Committees</i> . Investigation may also be initiated from the directive of the <i>PEM Board</i> , <i>DOE</i> or <i>ERC</i> . This is carried out by the <i>Enforcement and Compliance Office</i> which shall afford the party being investigated sufficient opportunities to respond to the investigation. Investigation reports of the <i>Enforcement and Compliance Office</i> are reviewed by the <i>Compliance Committee</i> . The results of the investigation, as reviewed, are then submitted to the <i>PEM Board</i> , which has the authority to impose sanctions and penalties, and to require that remedial measures be carried out.	Minor – correction of terms “Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the Glossary of the EC Manual. <ul style="list-style-type: none"> • Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules) • Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member. Terms are NOT interchangeable
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS 5.2 Enforcement Proceedings	5.2.4	Investigation of the <i>Market Operator</i> and the <i>System Operator</i> . The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>ERC</i> and the <i>DOE</i> .	Investigation of the <i>Market Operator</i> and the <i>System Operator</i> . The investigation of the <i>Market Operator</i> and the <i>System Operator</i> by the <i>Enforcement and Compliance Office</i> shall be in accordance with Clause 7.2.3 of the WESM Rules and the relevant provisions of the <i>Enforcement and Compliance Manual</i> . The <i>PEM Board</i> , as it may deem necessary, may thereafter file a formal complaint with the <i>ERC</i> and the <i>DOE</i> .	Inserted a reference to WR Clause 7.2.3 which provided a different set of enforcement proceedings when the party to be investigated is MO or SO.
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS	5.2.6	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendations of the <i>Compliance Committee</i> . The latter submits	Imposition of sanctions and penalties by the <i>PEM Board</i> is carried out in the accordance with the <i>WESM Penalty Manual</i> and is based on the recommendations of the <i>Compliance Committee</i> . The latter submits	Minor – typo correction and correction of rule reference

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
5.2 Enforcement Proceedings		recommendations based on its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the <i>Enforcement and Compliance Office</i> . The investigations referred to herein are those initiated in accordance with Section 7.3.1 of this Manual.	recommendations based on its findings of facts on an investigation which, in turn, is based on its review of the results of the investigations by the <i>Enforcement and Compliance Office</i> . The investigations referred to herein are those initiated in accordance with Section 7.3.1 7.2.1 of this Manual.	
SECTION 5 WESM ENFORCEMENT PROCEEDINGS AND ACTIONS 5.2 Enforcement Proceedings		(NEW)	<u>5.2.9 Reconsideration or Appeal. A request for reconsideration or appeal may be filed by a WESM Member upon receipt of the compliance report or resolution finding or confirming a finding of breach of the Market Rules and/or Manuals. This shall be filed within the prescribed timeline and in accordance with the requirements and procedures provided in Section 9 of this Manual.</u>	<ul style="list-style-type: none"> • Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual. • Added as part of the enforcement proceedings (monitoring and investigation >> results >> request for reconsideration >> appeal). • The WESM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.1 – GUIDING PRINCIPLES	6.1.4	If, as a result of its compliance monitoring and assessment, and after taking into account all the market data and information cited in Section 6.4.1, the reasons provided by the concerned <i>WESM Member</i> and all the supporting documents submitted in relation thereto under Section 6.3.2, the <i>Enforcement and Compliance Office</i> determines that there is a <i>breach</i> committed by a <i>WESM Member</i> , and shall issue the <i>Notice of Specified Penalty</i> through the PEMC President in accordance with the <i>WESM Penalty Manual</i> . Where remedial measures are required, it shall cause the	If, as a result of its compliance monitoring and assessment, and after taking into account all the market data and information cited in Section 6.4.1, the reasons provided by the concerned <i>WESM Member</i> and all the supporting documents submitted in relation thereto under Section 6.3.2, the <i>Enforcement and Compliance Office</i> determines that there is a <i>breach</i> committed by a <i>WESM Member</i> , and it shall issue the <i>Notice of Specified Penalty</i> through the PEMC President in accordance with the <i>WESM Penalty Manual</i> <u>a compliance report and notify the WESM Member of</u>	<ul style="list-style-type: none"> • Revised for consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory. <ul style="list-style-type: none"> ○ Current: Compliance Report and Notice of Specified Penalty – simultaneously issued

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

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Title	Section	Original Provision	Proposed Amendment	Rationale
		implementation of the same in accordance with Section 7.1.5.	its findings and the corresponding penalty. Where remedial measures are required, it shall cause the implementation of the same in accordance with Section 7.1.5 7.14 .	<ul style="list-style-type: none"> ○ Proposed Revision: Compliance Report >> RR and/or Appeal >> Final and Executory >> Implementation of Enforcement Action (through Notice of Specified Penalty) ● Correction of rule reference.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.1 – GUIDING PRINCIPLES	6.1.5	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <i>WESM Penalty Manual</i> .	A <i>WESM Member</i> may seek a reconsideration or appeal of the findings contained in the compliance monitoring and assessment report in accordance with the procedures and subject to the requirements provided in the <i>WESM Penalty Manual</i> Section 9 of this Manual.	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred to a new section of EC Manual (Sec. 9)
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.3 – Submission of Reply and Supporting Documents	6.3.1	The <i>WESM Member</i> shall have three (3) business days from receipt of the non-compliance notice or flagging of probable breach to respond thereto.	The <i>WESM Member</i> shall have three (3) five (5) <i>business days</i> from receipt of the non-compliance notice or flagging of probable breach to respond thereto <u>unless a different period is prescribed in the relevant <i>Market Manual</i>.</u>	To afford the <i>WESM Member</i> more time to respond in consideration of the time to gather information from the person or unit in charge (e.g., incident report from the power plant which may take a while to obtain for submission to ECO)

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT <i>6.4 – Validation and Assessment</i>	6.4.2	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information to clarify the reasons or explanations provided by the latter.	The <i>Enforcement and Compliance Office</i> may, from time to time, require the <i>WESM Member</i> to submit additional documents or information, <u>conduct conferences or plant visits</u> to clarify <u>or validate</u> the reasons or explanations provided by the latter.	For due process.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT <i>6.4 – Validation and Assessment</i>	6.4.3	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period by the 15th of the month following the month subject of the monitoring unless a different period of monitoring and assessment is hereafter set by the <i>Market Manuals</i> or due to unforeseen events or incidents which are beyond the control of the <i>Enforcement and Compliance Office</i> .	The <i>Enforcement and Compliance Office</i> shall complete its validation and assessment of a specific billing or monitoring period by the 15th of the month following the month subject of the monitoring <u>within forty-five (45) business days from the end of the calendar month covered in the monitoring</u> unless a different period of monitoring and assessment is hereafter set by the <u>is prescribed for validation and assessment in the relevant Market Manuals</u> or due to unforeseen events or incidents which are beyond the control of the <i>Enforcement and Compliance Office</i> . <u>For instance, the validation and assessment for September billing period shall be completed not later than the 15th day of November.</u> <u>Such a period may, however, be extended due to force majeure or any unforeseen events or incidents that are beyond the control of the Enforcement and Compliance Office.</u>	To extend period for assessment in consideration of the following: <ul style="list-style-type: none"> Based on the timeline of IEMOP in providing data provision (re: nodal price that is part of the penalty calculation in the system), it is not possible to complete the CMA within the existing 15-day period. Volume of daily assessment (around 420 resources from Luzon, Visayas, and Mindanao) for several types of monitoring (<i>Offered Capacity Compliance, Dispatch Conformance Standards, Look-Ahead Submission Compliance, etc.</i>) Subject to other provisions relating to a different period of monitoring (e.g. FAS monitoring or ancillary services monitoring) To allow extended period in case of

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Title	Section	Original Provision	Proposed Amendment	Rationale
				force majeure.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.4 – Validation and Assessment		(NEW)	<u>6.4.4 If during or after the conduct of compliance monitoring, validation, and assessment, the Enforcement and Compliance Office or the Compliance Committee finds that a certain act or omission needs to be addressed immediately through remedial measures to mitigate or avoid its potential adverse effect in the WESM, the provision of Section 7.14 shall apply.</u>	Incorporated in compliance monitoring proceedings section the provision on remedial measures in (under investigation proceedings) by reference to Section 7.14.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.4 – Validation and Assessment	6.4.4	6.4.4 The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contain all the files and documents used in relation to its monitoring and assessment activity.	6.4.4 <u>6.4.5</u> The <i>Enforcement and Compliance Office</i> shall maintain a compliance database that contains all the files and documents used in relation to its monitoring and assessment activity.	<ul style="list-style-type: none"> • Minor - typo correction • Renumbered as 6.4.5 (due to inserted provision above)

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.5 – Issuance of Report	6.5.1	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the penalty amounts, if any, as a result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is subject of monitoring, as applicable; and e) be issued not later than the 15th day of the month following the month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October.	The <i>Enforcement and Compliance Office</i> shall, based on the available market data at the time of the assessment, prepare the compliance monitoring and assessment report which shall: a) contain or provide, among others, a finding whether the concerned <i>WESM Member</i> is compliant with the <i>Market Rules</i> ; b) contain or provide the penalty amounts, if any, as a result of the finding of breach; c) cover one billing month unless a different period or duration is set by other <i>Market Manuals</i> ; d) be issued to the concerned <i>WESM Member</i> with respect to each facility or plant that is subject of monitoring, as applicable; and e) be issued not later than the 15th day of the month following the month subject of the monitoring. For instance, the monitoring covers the September billing month, the report shall be issued not later than 15 October <u>within the period stated in Section 6.4.3 of this Manual.</u>	For consistency with Section 6.4.3, i.e., within 45 days from the end of the calendar month covered in the monitoring
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT 6.5 – Issuance of Report	6.5.2	If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and assessment, the report shall likewise be accompanied by a <i>Notice of Specified Penalty</i> . The service of <i>Notice of the Specified Penalty</i> and the effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i> .	If there is a finding of breach by the <i>Enforcement and Compliance Office</i> based on its validation and assessment, the report shall likewise be accompanied by a <i>Notice of Specified Penalty</i>. The service of <i>Notice of the Specified Penalty</i> and the effect thereof, including the collection of penalties, are provided in the <i>WESM Penalty Manual</i>. <u>The penalty or sanction stated in the report shall be implemented following the procedures set forth in Section 9.5 of this Manual.</u>	For consistency with the rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory. ○ Current: Compliance Report and Notice of Specified Penalty – simultaneously issued ○ Proposed Revision: Compliance Report >> RR and/or Appeal >>

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Title	Section	Original Provision	Proposed Amendment	Rationale
				Final and Executory >> Implementation of Enforcement Action (through Notice of Specified Penalty)
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.6	Reconsideration and/or Appeal	Reconsideration and/or Appeal <u>of the Compliance Monitoring Findings</u>	For clarity and clear distinction between Reconsideration under compliance monitoring and under investigation proceedings.
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT <i>6.6 Reconsideration and/or Appeal</i>	6.6.1	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <i>WESM Penalty Manual</i> .	The filing of Request for Reconsideration or Appeal, the grounds, formal requirements, and resolution or decision thereon are set forth in the <i>WESM Penalty Manual</i> <u>out in Section 9 of this Manual.</u>	The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9)
SECTION 6 – PROCEDURES FOR COMPLIANCE MONITORING AND ASSESSMENT	6.7	Issuance of the Notice of Specified Penalty	Issuance of the Notice of Specified Penalty	<ul style="list-style-type: none"> Deleted for consistency with the proposed rule on exhaustion of remedies. The Notice of Specified Penalty will be issued only when the finding, resolution or decision becomes final and executory.
6.7 Issuance of the Notice of Specified Penalty	6.7.1	The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i> .	The <i>Notice of Penalty</i> shall be issued by the <i>Enforcement and Compliance Office</i> through PEMC President in accordance with the <i>WESM Penalty Manual</i>.	<ul style="list-style-type: none"> A provision relating to this is added as new section under Section 9.5 – Implementation of Enforcement Actions

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.1	Investigations under this Manual refer to investigations which emanate from the request for investigations or notice of probable breach filed by the Market Operator, the System Operator, or other WESM Members. These do not include any monitoring activities initiated by the Enforcement and Compliance itself which are already being dealt with under the preceding Section of this Manual.	Investigations under this Manual refer to investigations which emanate from the request for investigations or notice of probable breach filed by WESM Members or WESM Governance Committee, or report of probable breach filed by the Market Operator, or the System Operator, or other WESM Members . These do not include any monitoring activities initiated by the Enforcement and Compliance itself which are already being dealt with under the preceding Section of this Manual.	<ul style="list-style-type: none"> Minor – for clarity and for correction of terms <p>“Notice of Probable Breach” and “Report of Probable Breach” are two (2) different terms that are separately defined in the Glossary of the EC Manual.</p> <ul style="list-style-type: none"> Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules) Report of Probable Breach – is the report of MO or SO about a possible breach by WESM Member. <p>Terms are NOT interchangeable</p>
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.2	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it has reasonable grounds to believe that a particular act or omission by any <i>WESM Member, Market Operator, or System Operator</i> constitutes a probable breach of the <i>Market Rules</i> , and which is not otherwise included or covered by the compliance monitoring activities referred to in Chapter 6 of this Manual.	Notwithstanding the provision of Sections 5.2.3 and 7.1.1, the <i>Enforcement and Compliance Office</i> may, <i>motu proprio</i> , initiate investigation if it has reasonable grounds to believe that a particular act or omission by any WESM Member, Market Operator, or System Operator constitutes a probable breach of the <i>Market Rules</i> or Market Manuals , and which is not otherwise included or covered by the compliance monitoring activities referred to in Chapter 6 of this Manual.	For consistency with Section 7.2.3 of the WESM Rules, <i>i.e.</i> , investigation of MO and SO shall be made upon endorsement or directive of the PEM Board. <i>Motu proprio</i> investigation will not apply to MO and SO.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles		(New)	<u>7.1.8 Investigations may be initiated against an entity which had become a WESM Member of record at any time within the two-year prescriptive period regardless of the status of its membership at the time of the filing of the request for investigation or report of probable breach. For example, Company A was a WESM Member which committed a possible breach of the Market Rules or Market Manual. A case may nonetheless be filed against Company A despite cessation of its membership in the WESM provided that the act or omission constituting a breach was committed within the two-year prescriptive period and while it was still a member thereof.</u>	Added to establish jurisdiction over a company who may have committed a probable breach within the prescriptive period but ceased membership in the WESM; thus, no longer a WESM Member at that time of filing of Request for Investigation (RFI).
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.1 Guiding Principles	7.1.8	Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the <i>notice investigation</i> . The <i>PEM Board</i> , at its discretion and on written request by the <i>Enforcement and Compliance Office</i> , may allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded pursuant to Section 7.10 and, for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the twenty-four-month period, the <i>PEM Board</i> shall, upon request of the latter, allow a longer period for the investigation to be completed.	<u>7.1.9</u> Unless the <i>PEM Board</i> authorizes a longer period, the <i>Enforcement and Compliance Office</i> shall complete an investigation of a case and submit its investigation report as set out in Section 7.7 not later than twenty-four (24) months from the issuance of the notice investigation <u>within the period prescribed in Section 7.8.</u> The <i>PEM Board</i> , at its discretion and on written request by the <i>Enforcement and Compliance Office</i> , may allow a longer period for an investigation to be completed if it is satisfied that the right of the parties investigated to due process will be prejudiced if a longer period is not allowed. Where a case is remanded pursuant to Section 7.10 and, for this reason, the <i>Enforcement and Compliance Office</i> is unable to complete the investigation within the twenty-four-month <u>prescribed</u> period, the <i>PEM Board</i> shall, upon request of the latter <u>former</u> , allow a longer period for the investigation to be completed.	<ul style="list-style-type: none"> • Renumbered as 7.1.9 (due to inserted provision) • Revised to correct the period for issuance of the Investigation Report, <i>i.e.</i>, 150 days (not 2 years)

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.1	An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable breach or a <i>request for investigation</i> on the WESM Member that is subject of the investigation or upon a directive from the <i>PEM Board</i> , the <i>DOE</i> or <i>ERC</i> . The related procedures on investigation, such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the decisions, set forth in Sections 7.3 to 7.12 of this Manual shall apply.	An investigation is initiated upon the endorsement to the <i>Enforcement and Compliance Office</i> of a report of probable breach or a <i>request for investigation</i> on the WESM Member that is subject of the investigation or upon a directive from the <i>PEM Board</i>, the <i>DOE</i> or <i>ERC</i>. The related procedures on investigation, such as, issuance of notice of investigation, submission by the parties, conduct of ocular inspections, and implementation of the decisions, set forth in Sections 7.3 to 7.12 of this Manual shall apply.	<ul style="list-style-type: none"> Removed – redundant with Section 7.2.2 which enumerates the trigger for investigation. Replaced - 7.2.2 is proposed to be transferred as 1st sub-section under Section 7.2, with modification.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.2	A <i>notice of investigation</i> shall be issued upon either one of the following – a) A <i>report of probable breach</i> submitted by the <i>System Operator</i> or the <i>Market Operator</i> ; or b) A <i>request for investigation</i> submitted by any <i>WESM Governance Committee</i> or any <i>WESM Member</i> ; or c) A directive from the <i>PEM Board</i> , <i>DOE</i> or <i>ERC</i> specifically directing investigation for <i>breach</i> for possible imposition of sanctions under the <i>WESM Rules</i> or the <i>WESM Penalty Manual</i> ; or d) Initiation of investigation by the <i>Enforcement and Compliance Office</i> in accordance with Section 7.1.2 of this Manual.	7.2.2 7.2.1 A <i>notice of investigation</i> shall be issued An investigation may be initiated upon either one of the following – a) A <i>report of probable breach</i> submitted by the <i>System Operator</i> or the <i>Market Operator</i> ; or b) A <i>request for investigation</i> submitted by any <i>WESM Governance Committee</i> or any <i>WESM Member</i> ; or c) A directive from the <i>PEM Board</i> , <i>DOE</i> or <i>ERC</i> specifically directing investigation for <i>breach</i> for possible imposition of sanctions under the <i>WESM Rules</i> or the <i>WESM Penalty Manual</i> ; or d) Initiation of investigation by the <i>Enforcement and Compliance Office</i> in accordance with Section 7.1.2 of this Manual.	<ul style="list-style-type: none"> Renumbered as Section 7.2.1 Revised to distinguish two (2) different processes, namely, (1) initiation of investigation and (2) issuance of notice of investigation. <ul style="list-style-type: none"> <u>Initiation</u> to refer to trigger for investigation (Section 7.2 and 7.2.4) Note: Sections 7.2.5 to 7.2.11 – pertain to verification of RFI/report of probable breach/ directive or order to investigate Notice of investigation – issued to formally start investigation (after due verification and after giving due course to the filing for

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.3	7.2.3. If the <i>Market Operator</i> or the <i>System Operator</i> monitors the occurrence of probable <i>breach</i> by a <i>WESM Member</i> , it may submit to the <i>Enforcement and Compliance Office</i> a <i>report of probable breach</i> . This shall be in writing and shall clearly specify, at the minimum, - x x x	7.2.3. 7.2.2 If the <i>Market Operator</i> or the <i>System Operator</i> monitors the occurrence of probable <i>breach</i> by a <i>WESM Member</i> , it may submit to the <i>Enforcement and Compliance Office</i> a <i>report of probable breach</i> . This shall be in writing and shall clearly specify, at the minimum, – x x x	investigation) (Section 7.3) Minor - Renumbered as 7.2.2
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.4	7.2.4. If a <i>WESM Governance Committee</i> , <i>WESM Member</i> or any party believes that a <i>breach</i> may have been committed by any <i>WESM Member</i> , it may submit a <i>request for investigation</i> to the <i>Enforcement and Compliance Office</i> . This shall be in writing and shall clearly specify, at the minimum – x x x	7.2.4. 7.2.3 If a <i>WESM Governance Committee</i> , or a <i>WESM Member</i> or any party believes that a <i>breach</i> may have been committed by any <i>WESM Member</i> , it may submit a <i>request for investigation</i> to the <i>Enforcement and Compliance Office</i> . This shall be in writing and shall clearly specify, at the minimum – x x x	<ul style="list-style-type: none"> Revised for consistency as to who can file a request for investigation. Deleted “any party” from the list – to limit the filing to WESM Members and WGCs only and to exclude Non-WESM Members. Renumbered due to proposed deletion of 7.2.1
SECTION 76 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.5	7.2.5 A <i>request for investigation</i> or <i>report of probable breach</i> may cover more than one occurrence of the same type of <i>breach</i> . x x x	7.2.5 7.2.4 A <i>request for investigation</i> or <i>report of probable breach</i> may cover more than one occurrence of the same type of <i>breach</i> . x x x	Minor – renumbered as Section 7.2.4

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.6	Immediately upon receipt of the <i>report of probable breach</i> or <i>request for investigation</i> , the <i>Enforcement and Compliance Office</i> shall determine whether the specific acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party submitting the <i>report of probable breach</i> or <i>request for investigation</i> that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.	7.2.6 7.2.5 Immediately upon receipt of the <i>report of probable breach</i> or <i>request for investigation</i> , the <i>Enforcement and Compliance Office</i> shall <u>–</u> a) Determine whether the alleged act or omission pertains to a possible violation of the <i>Market Rules</i> and/or <i>Market Manuals</i>. If it pertains to a possible violation of the <i>Philippine Grid Code</i>, the <i>Philippine Distribution Code</i>, other rules and regulations which likewise govern or regulate the WESM or the WESM Member, it shall notify the party submitting the report of probable breach or request for investigation that the request investigation is beyond the scope and authority of the <i>Enforcement and Compliance Office</i> and that no investigation shall thus be initiated. b) Determine whether the specific alleged acts or omissions referred to are already covered in a formal investigation it has or intends to initiate as a result of its compliance monitoring under Section 6.2. If so included, it shall notify the party submitting the report of probable breach or request for investigation that an investigation has been or will be initiated and that no separate investigation shall thus be initiated.	<ul style="list-style-type: none"> Renumbered as Section 7.2.5 Added a sub-section (a) – to ensure that what is being filed is for a possible violation of Market Rules/Market Manuals only. This would prevent unnecessary efforts and time to investigate. 2nd item – renumbered as (b) under this Section.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.7	7.2.7 If the <i>request for investigation or report of probable breach</i> is not covered by a formal investigation initiated or intended to be initiated, the <i>Enforcement and Compliance Office</i> shall verify if the same substantially contains the information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to the requesting party which shall then rectify the identified shortcomings and submit a new <i>request for investigation or report of probable breach</i> no later than five (5) business days from receipt of the notice from the <i>Enforcement and Compliance Office</i> . If no revision is received within the five-day period, the matter shall be deemed abandoned and no investigation shall be initiated upon such request or report.	7.2.7 7.2.6 If the <i>request for investigation or report of probable breach</i> is not covered by a formal investigation initiated or intended to be initiated, is determined to be within the scope of authority and there is no separate or ongoing investigation being conducted for the same subject matter and involving the same parties , the <i>Enforcement and Compliance Office</i> shall verify further if the same substantially contains the information required in Section 7.2.4 or 7.2.5. If not, it shall return the same to the requesting party which shall then rectify the identified shortcomings and submit a new <i>request for investigation or report of probable breach</i> no later than five (5) business days from receipt of the notice from the <i>Enforcement and Compliance Office</i> . If no revision is received within the five-day period, the matter shall be deemed abandoned and no investigation shall be initiated upon such request or report.	<ul style="list-style-type: none"> Renumbered as 7.2.6 Revised – for consistency with the preceding section.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.8	7.2.8 If the <i>Enforcement and Compliance Office</i> determines that the <i>request for investigation or report of probable breach</i> is complete, it shall immediately initiate a formal investigation in accordance with this <i>Manual</i> . The <i>Enforcement and Compliance Office</i> shall not unreasonably withhold confirmation or delay any action required in this paragraph.	7.2.8 7.2.7 If the <i>Enforcement and Compliance Office</i> determines that the <i>request for investigation or report of probable breach</i> is complete, it shall immediately initiate a proceed with the formal investigation in accordance with this <i>Manual</i> . The <i>Enforcement and Compliance Office</i> shall not unreasonably withhold confirmation or delay any action required in this paragraph.	<ul style="list-style-type: none"> Renumbered as 7.2.7 Removed “immediately” as there is a period prescribed for issuing a notice of investigation.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.9	7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i> , the <i>Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i>, the <i>Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	Removed and transferred (with modification) as last item (7.2.12) of sub-section on initiation of investigation for coherence.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.10	7.2.10 The directive from the <i>PEM Board, DOE or ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if the directive clearly specifies that the investigation is for the purpose of a possible imposition by the <i>PEM Board</i> of sanctions and penalties pursuant to the <i>WESM Penalty Manual</i> or the <i>WESM Rules</i> . Where the investigation directed is not for such purpose or is for fact-finding purposes only, the investigation shall be carried out in accordance with the directive. In such case, the procedures set out in this Manual shall only have supplementary effect.	7.2.10 7.2.8 The directive from the <i>PEM Board, DOE or ERC</i> to conduct an investigation will be carried out in accordance with this Manual only if the directive clearly specifies that the investigation is for the purpose of a possible imposition by the <i>PEM Board</i> of sanctions and penalties pursuant to the <i>WESM Penalty Manual</i> or the <i>WESM Rules</i> . Where the investigation directed is not for such purpose or is for fact-finding purposes only, the investigation shall be carried out in accordance with the directive. In such case, the procedures set out in this Manual shall only have supplementary effect.	Renumbered as 7.2.8
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.11	7.2.11 Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE or ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section 7.2.8 shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .	7.2.11 7.2.9 Where the <i>Enforcement and Compliance Office</i> is uncertain as to whether or not the <i>PEM Board, DOE or ERC</i> directive is clearly for the conduct of an investigation under this Manual, it shall seek clarification of the same and the period stated in Section 7.2.8 7.3.1 shall be reckoned from the date that the clarification has been received by <i>Enforcement and Compliance Office</i> .	<ul style="list-style-type: none"> Renumbered as Section 7.2.9 Minor – correction in the rule reference.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation	7.2.12	7.2.12 If the acts or omissions required to be investigated by the <i>PEM Board, DOE or ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity already initiated or intended to be initiated by the <i>Enforcement and Compliance Office</i> , it may, if appropriate, consolidate or integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties being investigated of such consolidation or the results of the previous compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of Investigation</i> shall be issued.	7.2.12 7.2.10 If the acts or omissions required to be investigated by the <i>PEM Board, DOE or ERC</i> are already covered, in whole or in part, by an investigation or by the compliance monitoring and assessment activity already initiated or intended to be initiated by the <i>Enforcement and Compliance Office</i> , it may, if appropriate, consolidate or integrate the data or information used in the compliance monitoring, or the results thereof, in the investigation so that no overlapping investigations or monitoring activities shall be carried out, and shall notify the agency directing the investigation and the parties being investigated of such consolidation or the results of the previous compliance monitoring and assessment. If necessary, an amended <i>Preliminary Notice of investigation</i> shall be issued.	<ul style="list-style-type: none"> Renumbered as Section 7.2.10. Removed the word preliminary. For clarity – to avoid misconception that the notice of investigation to be issued after due verification is not yet the formal notice of investigation. Also, for consistency – notice of investigation – term used to refer to the formal notice of investigation, as defined in the Glossary of the EC Manual.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation		(New)	7.2.11 The foregoing verification process shall be completed within five (5) business days from receipt of request for investigation, report of probable breach, directive, or order to investigate, or clarification to investigate under Section 7.2.9.	Added to provide timeline within which the RFI verification is made.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.2 Initiation of Investigation		7.2.9 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i> , the <i>Enforcement and Compliance Office</i> shall initiate formal investigation in accordance with this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	7.2.9 7.2.12 Where the conduct of an investigation is directed by the <i>PEM Board, DOE or ERC</i> , the <u>if after due verification, the Enforcement and Compliance Office determines that the request for investigation, report of probable breach, directive or order to investigate is in accordance with the requirements set out in this Manual, it shall initiate give due course thereto and proceed with the formal investigation by issuing a notice of investigation</u> in accordance with	<ul style="list-style-type: none"> For coherence, this Section is proposed to be transferred as last item under this sub-section. Renumbered as Section 7.1.12. Revised to refer to the succeeding sections on issuance of a notice of investigation (which

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			Section 7.3. this Manual no later than ten (10) working days from receipt of the order, resolution, decision or any such other document containing the directive, unless a different period is directed.	already includes timeline and procedures) – to avoid redundancy.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.3 Notice of Investigation	7.3.1	The <i>Preliminary Notice of Investigation</i> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i> ,	The <i>Preliminary</i> <i>Notice of investigation</i> shall be issued to and served on the <i>WESM Member</i> that will be investigated within five (5) business days from receipt of the endorsement of request for investigation or directive from the <i>PEM Board</i> the completion of the verification process as set out in Section 7.2.11.	To set the reckoning of the 5-day period to issue Notice of Investigation from the completion of the RFI verification process. For clarity
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.7 Completion of Formal Investigation	7.7.1	The formal investigation shall be completed not later than one hundred fifty (150) business days from the receipt of the request for investigation as endorsed by the requesting party.	The formal investigation shall be completed not later than one hundred fifty (150) business days from the receipt of the request for investigation as endorsed by the requesting party <u>issuance of a notice of investigation under Section 7.3 of this Manual.</u>	To set the reckoning of the 150-day period to conclude the report, <i>i.e.</i> , from issuance of notice of investigation (as this officially starts the investigation); instead of counting it from receipt of RFI which, based on the RFI verification process, may not necessarily ripen to an investigation)

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.8 Review of Investigation	7.8.1	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> on its next scheduled meeting after the receipt of the investigation report. The review report of the <i>Compliance Committee</i> shall be submitted to the <i>PEM Board</i> together with the investigation report of the <i>Enforcement and Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.	The <i>Compliance Committee</i> shall review all investigation reports submitted by the <i>Enforcement and Compliance Office</i> on in its next scheduled meeting after the receipt of the investigation report. The review report resolution of the <i>Compliance Committee</i> shall be submitted to the <i>PEM Board</i> together with the investigation report of the <i>Enforcement and Compliance Office</i> within thirty (30) business days upon receipt of the investigation report.	Minor – correction of terms; and for consistency in the use of terminologies throughout the Manual. Note: ECO issues the report , <i>i.e.</i> , investigation report (or case review report after RR). CC, on the other hand, issues a resolution (not a report) adopting/ not adopting the report of ECO.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.8 Review of Investigation	7.8.2	The review report of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance Office</i> for further investigations.	The review report resolution of the <i>Compliance Committee</i> shall clearly state whether it agrees or disagrees with the investigation report of the <i>Enforcement and Compliance Office</i> and the basis therefor. The <i>Compliance Committee</i> may likewise recommend to the <i>PEM Board</i> that the case be remanded to the <i>Enforcement and Compliance Office</i> for further investigations.	Minor – correction of terms; same as above comment.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	7.9.1	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the review report of the <i>Compliance Committee</i> , render a decision approving, disapproving or modifying the sanctions, remedial measures, and other recommendations or remanding the case to the <i>Enforcement and Compliance Office</i> for further investigation.	The <i>PEM Board</i> shall, within thirty (30) working days from receipt of the review report resolution of the <i>Compliance Committee</i> , render a decision approving, disapproving or modifying the sanctions, remedial measures, and other recommendations or remanding the case to the <i>Enforcement and Compliance Office</i> for further investigation.	Minor – correction of terms; same as above comment.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	(New)		<u>7.9.2 If the case is remanded by the PEM Board to the Enforcement and Compliance Office and the latter, after further investigation, submits its revised investigation report, the PEM Board shall render its final decision within the same period specified in the preceding Section.</u>	For clarity – the PEM Board, if it decides to remand the case, shall deliberate on it again after the revised investigation report is submitted to it by ECO.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.9 Decision	7.9.2	7.9.2 The copy of the <i>PEM Board</i> decision on the investigation, accompanied by a copy of the Investigation Report of the <i>Enforcement and Compliance Office</i> , and the Review Report of the <i>Compliance Committee</i> , upon which the decision is based, shall be provided to the concerned trading participant or the party being investigated.	7.9.2 7.9.3 The copy of the <i>PEM Board's final</i> decision on the investigation, accompanied by a copy of the Investigation Report of the <i>Enforcement and Compliance Office</i> , and the Review Report Resolution of the <i>Compliance Committee</i> , upon which the decision is based, shall be provided to the concerned trading participant or the party being investigated.	For clarity – those copies of IR (that has been finally decided by PEM Board) shall be issued to the party investigated.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.10 Remand of Cases	7.10.2	Within five (5) working days from receipt of the notice of the remand, the <i>Enforcement and Compliance Office</i> shall notify the party investigated of the remand and the reasons therefor. If the investigation was initiated upon a <i>request for investigation</i> or a <i>notice of probable breach</i> , the parties that submitted the same shall likewise be notified of the remand.	Within five (5) working days from receipt of the notice of the remand, the Enforcement and Compliance Office shall notify the party investigated of the remand and the reasons therefor. If the investigation was initiated upon a request for investigation or a notice of probable breach, the parties that submitted the same shall likewise be notified of the remand.	Removed the obligation of ECO to notify the party being investigated that the case was remanded to ECO. Note that at this stage of the proceedings (where there is remand), the party being investigated has not received the IR or has not been notified yet of the PEM Board action. Thus, it would be premature for the party to be informed of the remand. Furthermore, remand should be internal between or among the PEM Board, the CC, and ECO as there is no finality yet as regards the decision.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.12 Notice and Implementation of the PEM Board Decision	7.12.1	The decision or resolution of the <i>PEM Board</i> becomes final and executory, and is binding on the parties to the investigation – a. upon the lapse of the period within which to file a request for reconsideration as set forth in the <i>WESM Penalty Manual</i> , and no request for reconsideration was filed; or b. upon issuance of the resolution on the Request for Reconsideration by the PEM Board.	The decision or resolution of the <i>PEM Board</i> becomes final and executory, and is binding on the parties to the investigation – a. upon the lapse of the period within which to file a request for reconsideration as set forth in the <i>WESM Penalty Manual</i>, and no request for reconsideration was filed; or b. upon issuance of the resolution on the Request for Reconsideration by the PEM Board.	Removed here – To be placed under one section (Sec. 9.5) – to combine similar provision on “when to consider the case final and executory” - applicable to (a) compliance monitoring findings; (b) PEM Board findings
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.12 Notice and Implementation of the PEM Board Decision	7.12.2	7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the <i>PEM Board</i> , through its Corporate Secretary, shall immediately notify the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> and the concerned parties of its decision or resolution. The Corporate Secretary of the <i>PEM Board</i> shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of <i>PEM Board</i> .	7.12.2 Upon finality of the decision or resolution of the PEM Board Decision, the <u>7.12.1</u> <i>The PEM Board</i>, through its Corporate Secretary, shall immediately notify the <i>Enforcement and Compliance Office</i>, the <i>Compliance Committee</i> and the concerned parties of its decision or resolution. The Corporate Secretary of the <i>PEM Board</i> shall issue a certification of the relevant resolution or the excerpt of the minutes of the meeting of <i>PEM Board</i>. <u>of its decision or the action taken by PEM Board on a particular investigation case by issuing a certification in relation thereto within five (5) business days from the ratification of the PEM Board resolution.</u>	Revised to include timeline within which to issue the Secretary’s Certificate relative to the decision of the Board. Renumbered as 7.12.1

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SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.12 Notice and Implementation of the PEM Board Decision	7.12.3	<p>7.12.3 The <i>Enforcement and Compliance Office</i> shall thereafter take the following actions –</p> <p>a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the <i>WESM Penalty Manual</i>.</p> <p>b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due.</p> <p>c) Where remedial measures are required, cause the implementation of the same in accordance with Section 7.14.</p> <p>d) Notify the <i>Compliance Committee</i>, ERC, and DOE of the action taken on the investigation. The notification submitted shall serve as a compliance with the obligation of the <i>PEM Board</i> set out in <i>WESM Rules</i> Clause 1.4.5.1 (e).</p>	<p>7.12.3 7.12.2 Within ten (10) business days from the receipt of the certification of PEM Board resolution on investigation, the Enforcement and Compliance Office in support to the PEM Board’s responsibility under the WESM Rules, shall thereafter take the following actions –</p> <p>a) Issue a notice of penalty to the party investigated in accordance with the requirements provided in the WESM Penalty Manual.</p> <p>b) Provide a copy of the notice to the Market Operator to cause the billing and collection of the amount due.</p> <p>a. Issue the notice of action taken by the PEM Board to the concerned WESM Member, which notice shall be accompanied by the Investigation Report and all its appendices. Said notice shall be signed by the President of the WESM Governance Arm.</p> <p>e) b. Where remedial measures are required, cause the implementation of the same in accordance with Section 7.14.</p> <p>d) c. Notify the <i>Compliance Committee</i>, ERC, and DOE of the action taken on the investigation. The notification submitted under this Section shall serve as a the compliance with the obligation of the PEM Board with the obligation set out in <i>WESM Rules</i> Clause 1.4.5.1 (ef).</p>	<ul style="list-style-type: none"> • Provided timeline for the issuance of the Notice of PEM Board Action to the WESM Member • Deleted item (a) – in line with the proposal on exhaustion of remedies. NSP to be issued only when finding or decision becomes final and executory. • Deleted item (b) – in line with the proposal to transfer the collection responsibility from IEMOP to PEMC • Added provision requiring the transmittal of the copy of IR – together with the Notice of PEM Board Action – as this will serve as the basis for filing a request for reconsideration, in case the WESM Member decides to file one. • Others – minor – correction in rule reference.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.13 Investigation of the Market Operator and/or the System Operator	7.13.12	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Section 7.9.	The copy of the decision of the <i>PEM Board</i> shall be provided to the concerned parties, and implemented in the same manner as that set out in Sections <u>7.9</u> and <u>7.12</u> .	Minor –added a rule reference. <ul style="list-style-type: none"> Section 7.9 – copies of decision Section 7.12 (Notice and Implementation of the PEM Board Decision)
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.14 Remedial Measures	7.14.1	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or omission subject of the investigation may – a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or unreasonable <i>WESM</i> prices; c) Cause material negative impact on the viability and sustainability of the <i>WESM</i> or the functions of the <i>Market Operator</i> if not immediately remedied; or d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied.	Remedial measures are tasks or actions that are required of a <i>WESM Member</i> being investigated or found in <i>breach</i> for the purpose of mitigating or preventing the adverse impact of breach or to prevent recurrence of the <i>breach</i> . They may be required when the act or omission subject of the investigation may – a) Negatively impact trading in the <i>WESM</i> and would likely prevent orderly and efficient trading or settlement; b) Lead to unfair or unreasonable <i>WESM</i> prices; c) Cause material negative impact on the viability and sustainability of the <i>WESM</i> or the functions of the <i>Market Operator</i> if not immediately remedied; or d) Cause material negative impact on the system or the functions of the <i>System Operator</i> if not immediately remedied. <u>If the remedial measures are of such nature that would require participation or implementation on the part of another <i>WESM Member</i> or the <i>Market Operator</i>, the same shall likewise be governed by the succeeding provisions of this Manual.</u>	Revised to extend the imposition of remedial measures to a party other than the <i>WESM Member</i> that is being monitored or investigated, as may be appropriate.

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Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.14 Remedial Measures	7.14.3	A <i>WESM Member</i> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> or the <i>PEM Board</i> .	A <i>WESM Member</i> or the <i>Market Operator</i> may be required to implement remedial measures by the <i>Enforcement and Compliance Office</i> , the <i>Compliance Committee</i> or the <i>PEM Board</i> .	Revised to cover instances where MO plays an integral part in addressing a concern. Same for SO but SO is already a WESM Member.
SECTION 7 – PROCEDURES FOR INVESTIGATION AND REVIEW 7.15 Costs	7.15.2	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue requirements of the PEMC which shall be defrayed through the market fees.	Notwithstanding the foregoing, the costs associated with the day-to-day operations of the <i>Enforcement and Compliance Office</i> , the Market Assessment Group, and the <i>Compliance Committee</i> shall not be passed on to a <i>WESM Member</i> as cost associated with any investigation, decision or remedial measure. These shall instead be included in the annual revenue requirements of the PEMC <i>WESM Governance Arm</i> which shall be defrayed through the market fees.	Minor – for consistency with the terminology used in the Market Rules and Market Manuals

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Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW)			<u>SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS</u>	<p>Currently, the provisions for reconsideration and appeal are found in WESM Penalty Manual.</p> <p>The remedies available like Request for Reconsideration and Appeal are proposed to be transferred from Penalty Manual to a new section of EC Manual (Sec. 9) as would form part of the enforcement proceedings (monitoring and investigation > results > request for reconsideration > appeal).</p> <p>The WEM Penalty Manual will then be limited to provisions pertaining to penalty amounts, penalty level, implementation and utilization thereof.</p>
(NEW)			<p><u>9.1. Reconsideration Under the Compliance Monitoring and Assessment Proceedings</u></p> <p><u>9.1.1 Period and Ground for Filing a Request for Reconsideration. The concerned WESM Member may request for reconsideration of the results of the compliance monitoring and assessment, subject to the following conditions:</u></p> <p><u>a. The request shall be filed within fifteen (15) Business Days from the receipt of the said compliance monitoring and assessment report;</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ When RR should be filed ○ Where it should be filed ○ Reason or ground for filing

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			<p><u>b. A request for reconsideration shall be based on the ground that the finding of <i>breach</i> is not supported by substantial evidence; and/or the computation is incorrect, or the penalties imposed are not in accordance with the <i>Penalty Manual</i> and <i>Market Rules</i>;</u></p> <p><u>c. The request for reconsideration shall be filed with the <i>Enforcement and Compliance Office</i>.</u></p>	
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.1.2 Form and Contents of the Request for Reconsideration and Notice thereof. The request shall:</u></p> <p><u>a. Be made in writing and signed by the <i>WESM Compliance Officer</i> of the <i>WESM Member</i> concerned, and shall be made under oath;</u></p> <p><u>b. State the date when the compliance monitoring and assessment report sought to be considered was received by the <i>WESM Member</i>;</u></p> <p><u>c. State that the findings of breach by the <i>Enforcement and Compliance Office</i> is not supported by substantial evidence, and/or the computation is incorrect, or the penalties imposed are not in accordance with the <i>Penalty Manual</i> and <i>Market Rules</i>; and</u></p> <p><u>d. Contain the evidence to support the reversal of the findings of breach by the <i>Enforcement and Compliance Office</i>.</u></p> <p><u>Failure to provide the complete requirements</u></p>	To provide guidelines as to form and contents of RR

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Title	Section	Original Provision	Proposed Amendment	Rationale
			<u>pursuant to this clause shall cause the <i>Enforcement and Compliance Office</i> to immediately deny the request for reconsideration.</u>	
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.1.3. <i>Resolution on the Request for Reconsideration.</i></u></p> <p><u>a. A request for reconsideration shall be resolved by the <i>Enforcement and Compliance Office</i> within sixty (60) <i>Business Days</i> from receipt thereof. This shall be done through a <i>Resolution</i> which shall clearly state the facts of the case and the reasons supporting its findings and conclusions. The <i>Resolution</i> shall be signed by the Head of the <i>Enforcement and Compliance Office</i>. A copy of the <i>Resolution</i> shall be served on the concerned <i>WESM Member</i>.</u></p> <p><u>b. Copies of the <i>Resolution</i> will be furnished to the <i>PEM Board</i> and the <i>Compliance Committee</i>. Should this <i>Resolution</i> require implementation of a directive on the part of the <i>Market Operator</i> and/or the <i>System Operator</i>, a copy of said notice shall likewise be sent to the <i>System Operator</i> and/or <i>Market Operator</i> for appropriate action.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ Timeline to resolve ○ Notification of the results

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATIO N AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2 Reconsideration Under the Investigation Proceedings</u></p> <p><u>9.2.1 Ground for Filing a Request for Reconsideration. A WESM Member that is penalized under Section 7.9 of this Manual may submit a request for reconsideration of the PEM Board decision on the investigation on the following grounds –</u></p> <p><u>a. Review of the findings of facts of the Enforcement and Compliance Office or for consideration of additional data that was already existing at the time of the original investigation but was not presented during such investigation due to justifiable reasons; or</u></p> <p><u>b. Legal issues, including but not limited to issues on the conclusions of the Enforcement and Compliance Office or the Compliance Committee, but does not require review of factual findings, or the propriety of the penalty or other measures approved to be imposed by the PEM Board.</u></p>	To provide guidelines as to ground for filing RR with the PEM Board (<i>in case the subject case emanated from the request for investigation, report of probable breach, directive or order to investigate</i>)

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATIO N AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2.2 Form and Contents. The request for reconsideration shall:</u></p> <p><u>a. Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u></p> <p><u>b. Clearly state the grounds for the request for reconsideration and the findings of facts or the conclusions or resolution that are sought to be reviewed and reconsidered. The request shall be accompanied by supporting data and affidavits;</u></p> <p><u>c. Contain the evidence to support the request for reconsideration; and</u></p> <p><u>d. Be submitted to the PEM Board, through the Office of the Corporate Secretary within fifteen (15) Business Days from receipt of the notice of the PEM Board action.</u></p> <p><u>All requests that were timely filed will be immediately endorsed to the Enforcement and Compliance Office for further investigation.</u></p>	To provide guidelines as to the form and content of the RR

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.2.3 Reconsideration Proceedings.</u></p> <p><u>a. The Enforcement and Compliance Office shall evaluate the endorsed request and carry out further investigations. In conducting further investigations, the Enforcement and Compliance Office may require submission of additional information or obtain information from parties other than the requesting party or conduct an ocular inspection of relevant facilities or conference with the requesting party or other relevant parties.</u></p> <p><u>b. Within sixty (60) Business Days from endorsement of the request for reconsideration, the Enforcement and Compliance Office shall submit a case review report to the Compliance Committee containing the additional findings of fact, assessment, and recommendations.</u></p> <p><u>The Compliance Committee shall review the report submitted by the Enforcement and Compliance Committee and shall submit its resolution and recommendations to the PEM Board within thirty (30) business days from receipt of the case review report.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ How the reinvestigation should be conducted ○ Timeline to complete the reinvestigation. ○ Timeline for review of the report and submission to the Board

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
			<p><u>9.2.4 Resolution on the Request for Reconsideration.</u></p> <p><u>a. The PEM Board shall decide on the request for reconsideration within thirty (30) Business Days from receipt of the case review report and resolution submitted by the Compliance Committee.</u></p> <p><u>b. The decision of the PEM Board on the request for reconsideration shall be served upon the concerned WESM Member and the party filing the request for investigation. No further request for reconsideration or appeal shall be allowed.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ Timeline to decide on the RR ○ Notification of the results
(NEW)			<p><u>9.3 Appeal</u></p> <p><u>9.3.1 The Resolution issued by the Enforcement and Compliance Office under Section 9.1.3 may be appealed by the concerned WESM Member by filing an Appeal Memorandum with the Compliance Committee within fifteen (15) Business Days from receipt of the resolution on the Request for Reconsideration.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ When Appeal can be filed. ○ How it is filed ○ When it should be filed
SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS				

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.3.2 Ground for Appeal. The appeal shall be based only on the ground that the <i>Enforcement and Compliance Office</i> has committed abuse of discretion in issuing the resolution, or the penalty/ies the <i>Enforcement and Compliance Office</i> had imposed is not in accordance with this Manual.</u>	To provide guidelines as to the ground for appeal.
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.3.3 Form and Contents of the Appeal</u> a. <u>Be made in writing and signed by the WESM Compliance Officer of the WESM Member concerned, and shall be made under oath;</u> b. <u>State the date when the resolution being appealed was received by the WESM Member; and</u> c. <u>Explain how the <i>Enforcement and Compliance Office</i> committed an abuse of discretion in issuing the Resolution or that the penalty/ies imposed by the <i>Enforcement and Compliance Office</i> is not in accordance with this Manual.</u> <u>Failure on the part of the WESM Member concerned to provide the foregoing requirements shall cause outright dismissal of the appeal by the Compliance Committee.</u>	To provide guidelines as to the form and content of appeal.

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.3.4 Decision on the Appealed Case.</u></p> <p><u>The Compliance Committee shall resolve the appealed case within thirty (30) business days from receipt of the original records of the case by issuing a decision duly signed by its Chairperson.</u></p> <p><u>A copy of the decision shall be served on the concerned WESM Member, the Enforcement and Compliance Office and the PEM Board. If the decision requires implementation of a directive on the part of the Market Operator or the System Operator, a copy of said Decision shall likewise be sent to the System Operator for appropriate action.</u></p>	<p>To provide guidelines as to –</p> <ul style="list-style-type: none"> ○ Timeline to decide on appealed case. ○ Notification of decision
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.4 Service of Request for Reconsideration, Appeal, and Decision</u></p> <p><u>The filing or service of Request for Reconsideration, Appeal, and the resolutions or decisions made in relation thereto, may be made by personal service, postal mail, or by electronic mail.</u></p>	<p>To provide guidelines as to the form of transmittal, submission, or service of the documents relative to RR and Appeal.</p>

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<p><u>9.5. Implementation of the Enforcement Actions</u></p> <p><u>9.5.1 Subject to the provisions set out in Sections 9.5.2 and 9.5.3, the appropriate enforcement action relative to a finding of breach shall be implemented through the issuance of a Notice of Specified Penalty.</u></p> <p><u>The penalty or sanction for breach of the Market Rules or Market Manuals may nonetheless be enforced against a former WESM Member despite cessation of, or change in, its membership in the WESM provided that the act or omission constituting a breach was committed within the two-year prescriptive period and while it was still a member thereof.</u></p>	<ul style="list-style-type: none"> To clarify that implementation of enforcement action is done through issuance of NSP. To add provision on jurisdictional matter in terms of enforcement of action involving a former WESM Member which committed breach during the time that it was still a member of the WESM. This will also address the provisions under Section 4.11 and 4.12 of the DOE Circular DC2023-07-0022. <p>"4.11 Within sixty (60) calendar days from receipt and evaluation of the complete documentary requirements as provided in Section 4.8 of this Circular, the DOE shall issue the LOC to the applicant. The issuance of the LOC shall not preclude the ERC and other government agencies or instrumentalities from exercising their authority and mandate over the GenCo. <u>It shall also not absolve the GenCo from any claims of any entity.</u></p>

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
				<p>4.12 Upon the effective date of the mothballing period, the following COC terms and WESM deregistration shall apply:</p> <p>4.12.1 Automatic termination of the COC and <u>outright deregistration from the WESM for Total Generating Plant Mothballing</u>; or</p> <p>4.12.2 For Partial Generating Unit Mothballing, the GenCo shall apply for the amendment of the COC with the ERC and the corresponding changes to its WESM registration with the MO.”</p>

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.5.2 The Notice of Specified Penalty shall be issued by the WESM Governance Arm to the concerned WESM Member within five (5) business days from the date that the finding of breach or the resolution or decision on a case becomes final and executory.</u>	To clarify that NSP shall be issued only after a finding, decision, or resolution has become final and executory.
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.5.3 The finding, resolution or decision relating to compliance monitoring or investigation case becomes final and executory –</u> a. <u>Upon the lapse of the period to file the Request for Reconsideration and no Request for Reconsideration is perfected.</u> b. <u>Upon issuance of the resolution on Request for Reconsideration by the Enforcement and Compliance Office relative to a case emanating from compliance monitoring and assessment activity, and no Appeal is perfected;</u> c. <u>Upon issuance of the resolution on Appeal by the Compliance Committee relative to a case emanating from compliance monitoring and assessment activity.</u> d. <u>Upon issuance of the resolution on the Request for Reconsideration by the PEM Board relative to a case emanating from request for investigation or report of probable breach filed</u>	To provide guidelines as to when a finding, decision or resolution is considered final and executory.

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
			<u>by any WESM Member, the Market Operator, or the System Operator.</u>	
(NEW) SECTION 9 - RECONSIDERATION AND APPEAL PROCEEDINGS AND IMPLEMENTATION OF ENFORCEMENT ACTIONS			<u>9.5.4 The provisions relating to the service of Notice of Specified Penalty as well as the impact of non-payment of penalties and/or interest are provided in the WESM Penalty Manual.</u>	To provide reference to the provisions of the Penalty Manual on the service of NSP and the impact of non-payment of penalty and interest
SECTION 9 - WESM MEMBER INTERNAL COMPLIANCE		<u>SECTION 9 - WESM MEMBER INTERNAL COMPLIANCE</u> 9.1 xxx 9.1.1 xxx x	<u>SECTION 9</u> 10 - WESM MEMBER INTERNAL COMPLIANCE 9.1 10.1 xxx 9.1.1 10.1.1 xxx 9.1.2 10.1.2 xxx 9.1.3 10.1.3 xxx 9.2 10.2 xxx 9.2.1 10.2.1 xxx 9.2.2 10.2.2 xxx 9.2.3 10.2.3 xxx 9.3 10.3 xxx 9.3.1 10.3.1 xxx 9.3.2 10.3.2 xxx 9.3.3 10.3.3 xxx 9.4 10.4 xxx 9.4.1 10.4.1 xxx 9.5 10.5 xxx 9.5.1 10.5.1 xxx 9.5.2 10.5.2 xxx 9.5.3 10.5.3 xxx	Renumbered Section 9 (including its sub-sections) as Section 10

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION 10 - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT		SECTION 10 - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT 10.1 xxx 10.1.1 xxx x	SECTION 40 11 - INFORMATION DISCLOSURE AND RECORDS MANAGEMENT 40.1 11.1 xxx 40.1.1 11.1.1 xxx 40.2 11.2 xxx 40.2.1 11.2.1 xxx 40.2.2 11.2.2 xxx 40.2.3 11.2.3 xxx 40.3 11.3 xxx 40.3.1 11.3.1 xxx 40.3.2 11.3.2 xxx 40.4 11.4 xxx 40.4.1 11.4.1 xxx 40.4.2 11.4.2 xxx 40.4.3 11.4.3 xxx	Renumbered Section 10 (including its sub-sections) as Section 11
SECTION 11 - LIMITATION OF LIABILITY AND INDEMNIFICATION		SECTION 11 - LIMITATION OF LIABILITY AND INDEMNIFICATION 11.1 xxx 11.1.1 xxx x	SECTION 44 12 - LIMITATION OF LIABILITY AND INDEMNIFICATION 44.1 12.1 xxx 44.1.1 12.1.1 xxx	Renumbered Section 11 (including its sub-sections) as Section 12
SECTION 12 - AMENDMENT, PUBLICATION AND EFFECTIVITY		SECTION 12 - AMENDMENT, PUBLICATION AND EFFECTIVITY 12.1 xxx 12.1.1 xxx x	SECTION 42 13 - AMENDMENT, PUBLICATION AND EFFECTIVITY 42.1 13.1 xxx 42.1.1 13.1.1 xxx 42.2 13.2 xxx 42.2.1 13.2.1 xxx 42.2.2 13.2.2 xxx	Renumbered Section 12 (including its sub-sections) as Section 13
SECTION 13 GLOSSARY		SECTION 13 GLOSSARY	SECTION 43 14 - GLOSSARY	Renumbered Section 13 (including its sub-sections) as Section 14

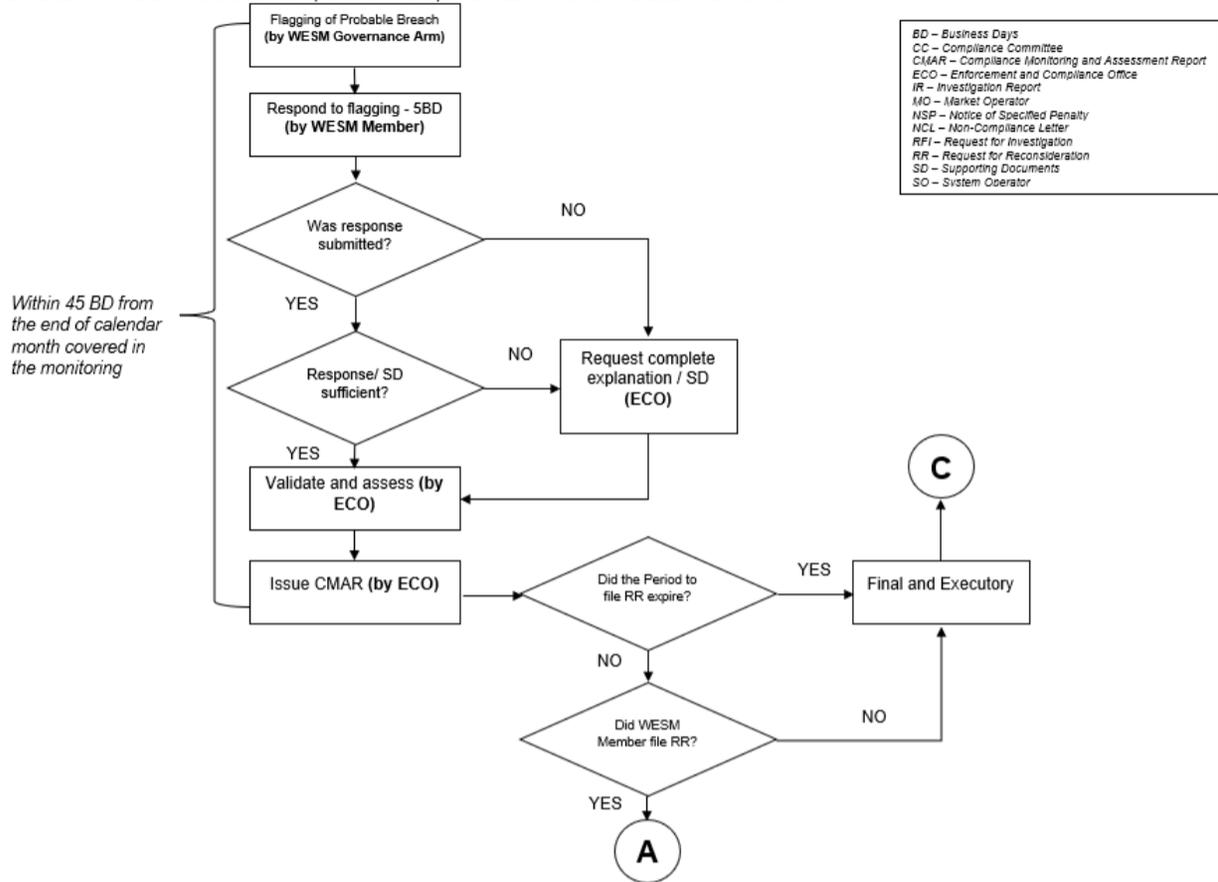
Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
SECTION GLOSSARY	13	Enforcement and Compliance Office -The unit created within PEMC pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include monitoring, assessment and investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i> .	Enforcement and Compliance Office -The unit created within PEMC pursuant to <i>WESM Rules</i> Clause 1.4.8, which is primarily responsible for the administration of the enforcement and compliance which shall include monitoring, assessment and investigation of the <i>WESM Members</i> in relation to their compliance with the <i>WESM Rules</i>.	Deletion - Already defined in the WESM Rules
SECTION GLOSSARY	13	Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the corresponding enforcement action that will be carried out as a consequence of the <i>breach</i> , and includes monitoring, assessment, investigation and imposing enforcement actions.	Enforcement proceeding - This is the activity or series of activities carried out to establish and determine the occurrence of <i>breach</i> and the corresponding enforcement action that will be carried out as a consequence of the <i>breach</i>, and includes monitoring, assessment, investigation and imposing enforcement actions.	Deletion - Already defined in the WESM Rules
SECTION GLOSSARY	13	Notice of investigation- Formal notice issued by the Enforcement and Compliance Office to a WESM Member to initiate investigation for possible breach.	Notice of i nvestigation - Formal A notice issued by the <i>Enforcement and Compliance Office</i> to a <i>WESM Member</i> to initiate an a formal investigation for possible <i>breach</i> .	For clarity
SECTION GLOSSARY	13	(NEW)	<u>Notice of Probable Breach - Written report submitted by any WESM Member or WESM Governance Committees to notify the PEM Board of a probable breach by the Market Operator or System Operator.</u>	To provide clear definition of Notice of Probable Breach in reference to Section 7.2.3 of the WESM Rules; and to have clear distinction from “Report of Probable Breach” which is also defined in the EC Manual. <ul style="list-style-type: none"> ○ Notice of Probable Breach – report by any WESM Member/WGC to the PEM Board about a probable breach of MO or SO (for consistency with the term used in Section 7.2.3 of the WESM Rules) ○ Report of Probable Breach – is

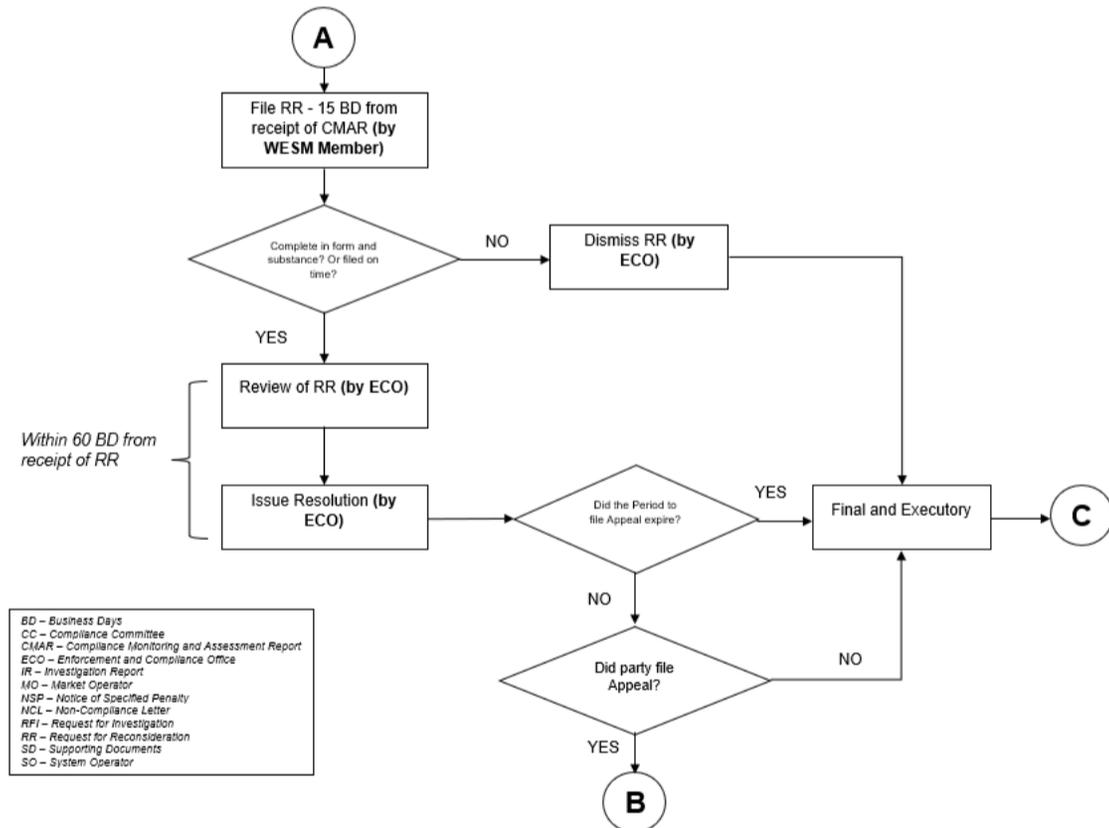
WESM Manual on Enforcement and Compliance, Issue 1.0				
Title	Section	Original Provision	Proposed Amendment	Rationale
				<p>the report of MO or SO about a possible breach by WESM Member.</p> <p>Terms are NOT interchangeable.</p>
APPENDICES I and II		(Table Form)	<p><i>(See attached Process Flowcharts)</i></p> <p>Appendix I – Compliance Monitoring and Assessment Process</p> <ul style="list-style-type: none"> • I-A: CMA – MONITORING, VALIDATION, AND REPORTING PROCESS FLOWCHART • I-B: CMA-RECONSIDERATION PROCESS FLOWCHART • I-C: CMA-APPEAL PROCESS FLOWCHART • I-D: CMA-IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART <p>Appendix II-Investigation Process</p> <ul style="list-style-type: none"> • II-A: INVESTIGATION-RFI VERIFICATION PROCESS FLOWCHART • II-B: FORMAL INVESTIGATION PROCESS FLOWCHART • II-C: RECONSIDERATION PROCESS FLOWCHART <p>II-D: IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART</p>	<p>Replaced with Process Flowcharts – to align with the revised processes</p>

Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

APPENDIX I-A: CMA – MONITORING, VALIDATION, AND REPORTING PROCESS FLOWCHART

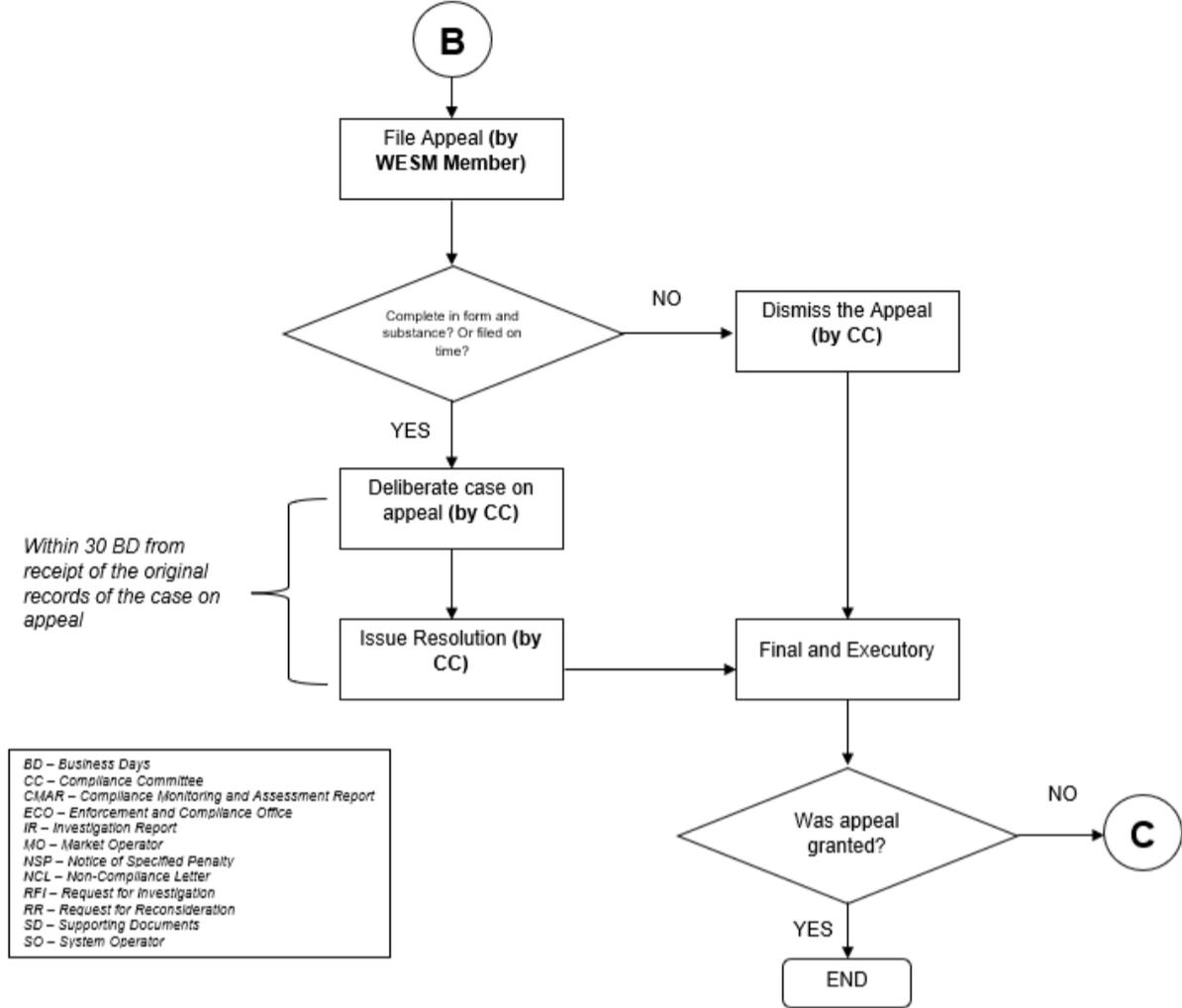


APPENDIX I-B: CMA – RECONSIDERATION PROCESS FLOWCHART

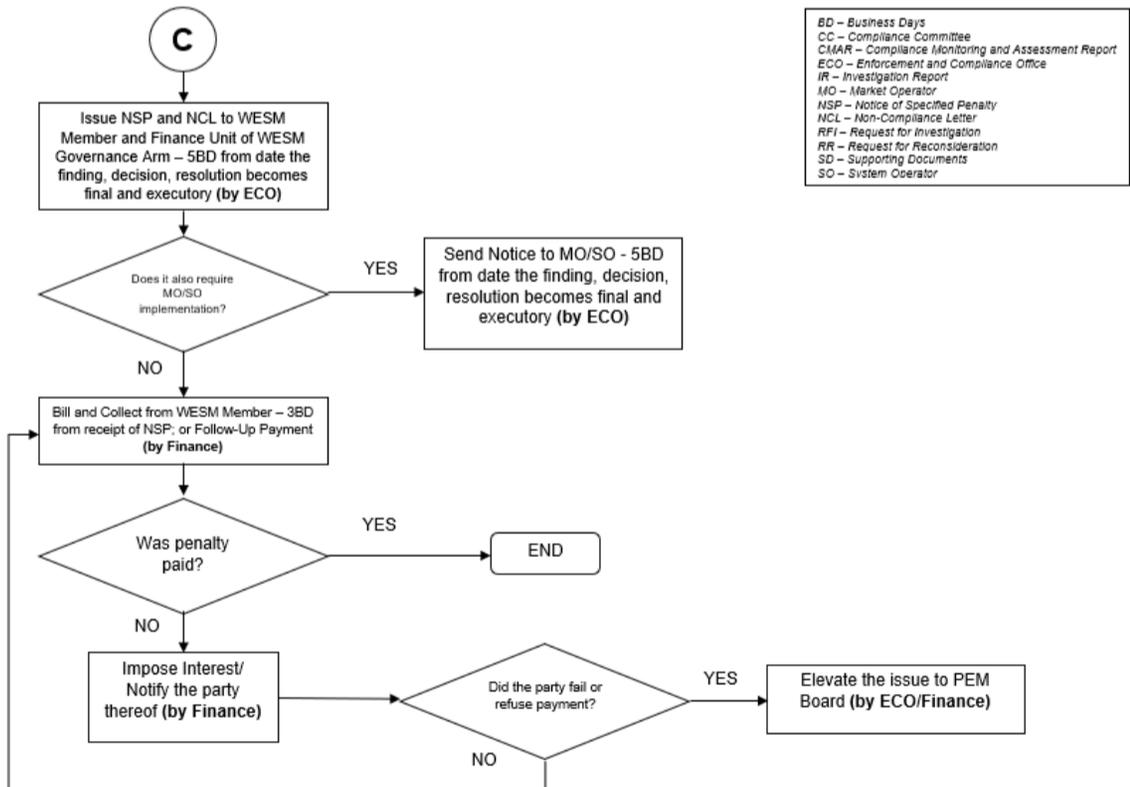


Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

APPENDIX I-C: CMA – APPEAL PROCESS FLOWCHART

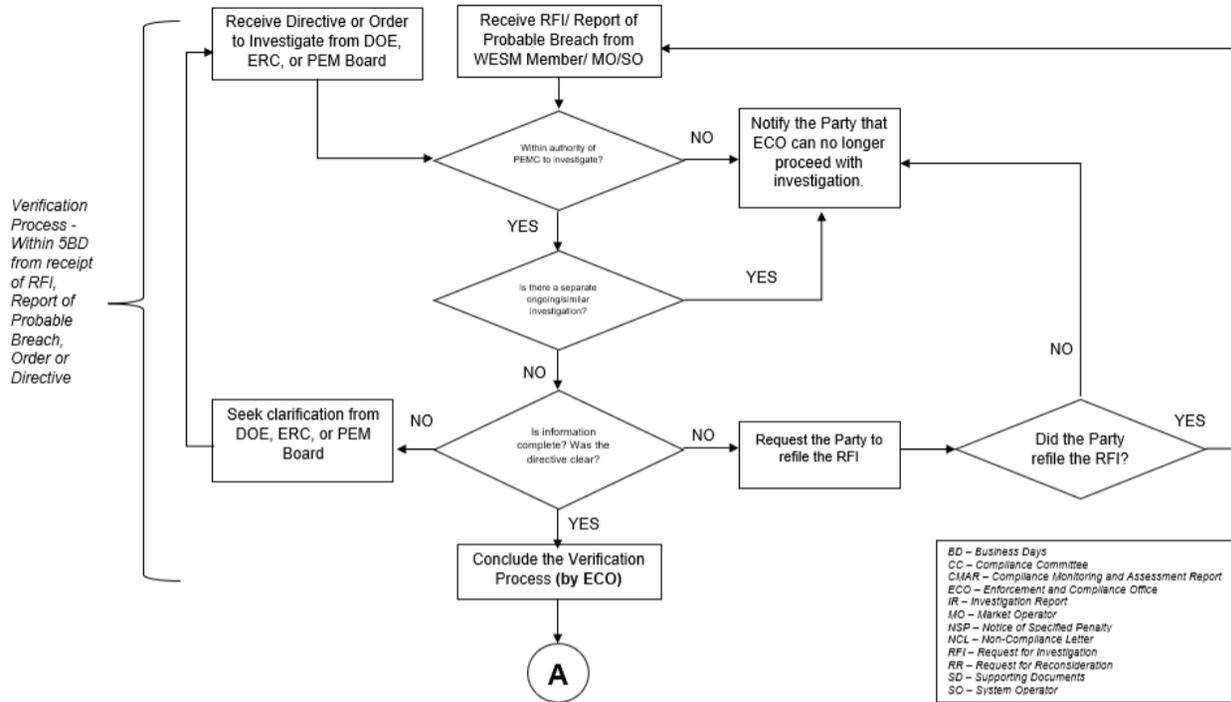


APPENDIX I-D: CMA – IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART

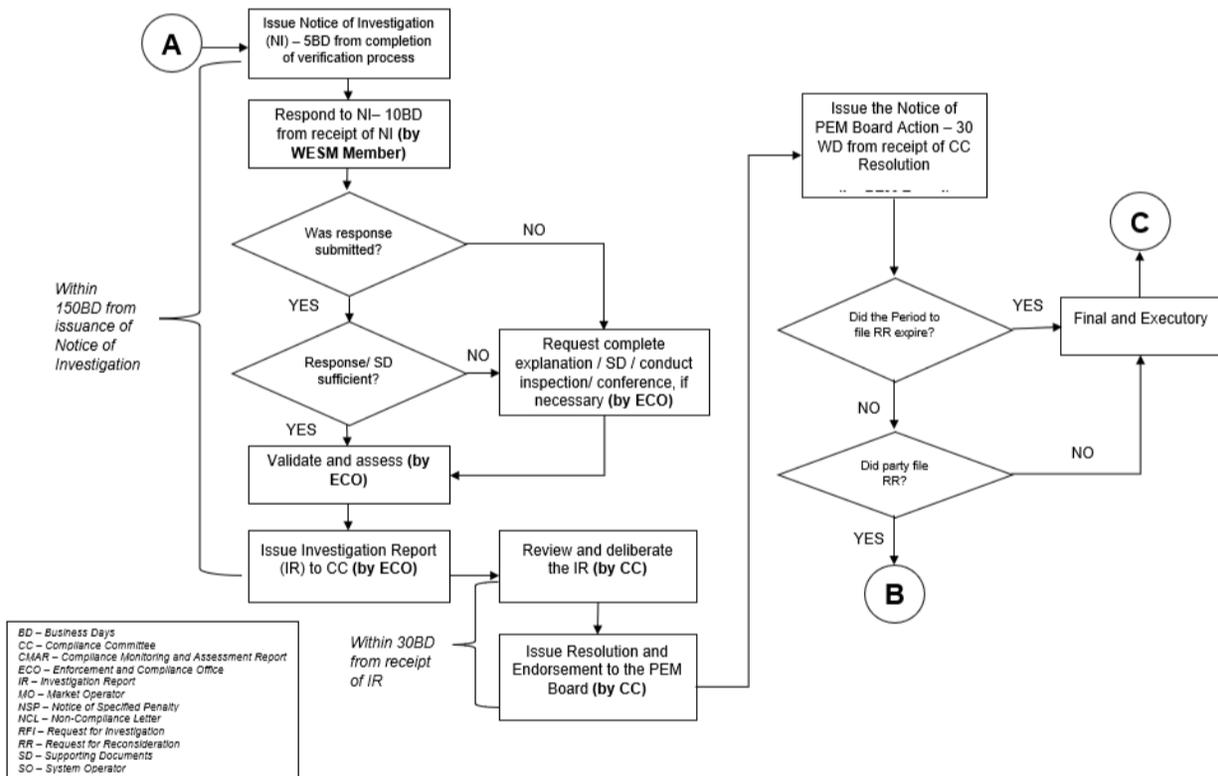


Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

APPENDIX II-A: INVESTIGATION – RFI VERIFICATION PROCESS FLOWCHART

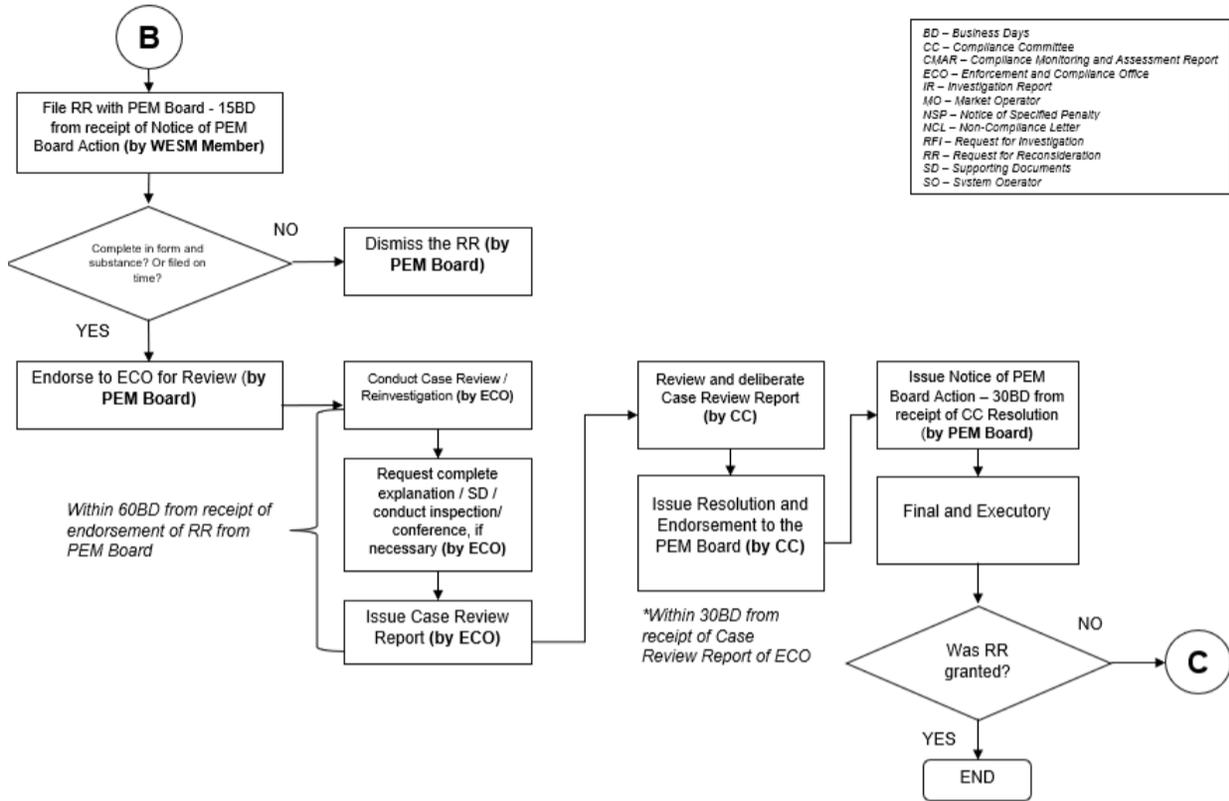


APPENDIX II-B: INVESTIGATION – FORMAL INVESTIGATION PROCESS FLOWCHART



Proposed Amendments to the WESM Rules and WESM Manual on Enforcement and Compliance

APPENDIX II-C: INVESTIGATION – RECONSIDERATION PROCESS FLOWCHART



APPENDIX II-D: INVESTIGATION – IMPLEMENTATION OF ENFORCEMENT ACTION PROCESS FLOWCHART

