



## RULES CHANGE COMMITTEE

### Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees regarding Terms of Office of WESM Governance Committee Members

Effective Date : 22 August 2024

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**WHEREAS**, Sections 5.5 and 6.5 of the Guidelines Governing the Constitution of the WESM Governance Committees, Issue 5.0 (“Guidelines”) indicate that initial members of the PEM Audit Committee (PAC) and the Market Surveillance Committee (MSC), respectively, have staggered terms of office to prevent their and the succeeding members’ terms to expire simultaneously;

**WHEREAS**, there is no current provision in the same Guidelines for implementing staggered terms of office for members of the Compliance Committee (CC);

**WHEREAS**, the implementation of the staggered terms of office for incumbent PAC and MSC members was erroneously removed in 2022 since their terms were reckoned from the date of their appointments, not from the original expiration date of the terms of office of previous members who served in hold-over capacity;

**WHEREAS**, consequently, the 3-year term of all members of the MSC and the CC, and majority of the members of PAC, shall all expire on 31 October 2024, which will significantly affect the performance of said Committee’s mandates;

**WHEREAS**, PEMC submitted on 09 August 2024 the Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees, Issue 5.0 to correct the error in implementation of the term of office of the PAC, MSC and CC members and prevent recurrence of these instances;

**WHEREAS**, the proposed urgent amendments cover the following matters:

- 1) Add transitory provision applied to incumbent members of the PAC, MSC and CC to address the simultaneous expiration of their terms of office;
- 2) Revise provision regarding hold-over procedures to fix the reckoning date of the term of office of the successor or replacement member as the date of expiration of the term of the hold-over member being replaced; and
- 3) Revise the timeline for notifying the PEM Board about immediate and impending vacancies in the WESM Governance Committees

**WHEREAS**, during the 234<sup>th</sup> RCC (Regular) Meeting held 16 August 2024, the RCC certified the proposal as urgent, considering the impending expiration of terms of PAC, MSC and CC members and having satisfied one of the criteria for urgent amendments per WESM Rules Clause 8.4.1.1 (a) iii. *“avoid, reduce the risk of or mitigate the unintended adverse effect of a WESM Rule (or any of its amendments) or a provision in a Market Manual”*;

**WHEREAS**, having certified the proposal as urgent, the RCC proceeded to deliberate on the proposal during the same meeting and adopted all proposed amendments, as submitted;

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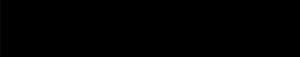
**NOW THEREFORE**, we, the undersigned, on behalf of the sectors we represent, hereby resolve as follows:

**RESOLVED**, that the RCC approve the Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees regarding Terms of Office of WESM Governance Committee Members, attached as Annex A;

**RESOLVED FURTHER**, that the said Proposed Urgent Amendments to the to the Guidelines Governing the Constitution of the WESM Governance Committees are hereby endorsed to the PEM Board for approval and subsequent transmittal to the DOE for information.

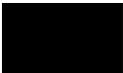
Done this day of 22 August 2024, Pasig City

Proposed Urgent Amendments to the Guidelines Governing the Constitution  
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| <p>Approved by:<br/><b>THE RULES CHANGE COMMITTEE</b></p>  |  |
| <p>Independent Members:</p>  |  |
| <p><br/><b>JESUSITO G. MORALLOS</b><br/>Chairperson</p>   | <p><br/><b>JOSE RODERICK F. FERNANDO</b></p>   |
| <p><br/><b>RACHEL ANGELA P. ANOSAN</b></p>  | <p><br/><b>JORDAN REL C. ORILLAZA</b></p>  |
| <p>Generation Sector Members:</p>  |  |
| <p><br/><b>DIXIE ANTHONY R. BANZON</b><br/>Masinloc Power Partners Co. Ltd.<br/>(MPPCL)</p>            | <p><br/><b>CHERRY A. JAVIER</b><br/>Aboitiz Power Corp.<br/>(APC)</p>                                |
| <p><br/><b>CARLITO C. CLAUDIO</b><br/>Millennium Energy, Inc./ Panasia Energy, Inc.<br/>(MEI/PEI)</p> | <p><br/><b>MARK D. HABANA</b><br/>Vivant Corporation - Philippines<br/>(Vivant)</p>                  |
| <p>Distribution Sector Members:</p>  |  |
| <p><br/><b>RYAN S. MORALES</b><br/>Manila Electric Company<br/>(MERALCO)</p>                          | <p><br/><b>VIRGILIO C. FORTICH, JR.</b><br/>Cebu III Electric Cooperative, Inc.<br/>(CEBECO III)</p> |

In compliance with the Data Privacy Act and PEMC's Information Security Policy, the signatures within this document have been redacted while the content remains unchanged. The original document was signed on 27 August 2024 and is securely stored in PEMC's archive

Proposed Urgent Amendments to the Guidelines Governing the Constitution  
of the WESM Governance Committees regarding Terms of Office  
of WESM Governance Committee Members

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| <p><br/><b>NELSON M. DELA CRUZ</b><br/>Nueva Ecija II Area 1 Electric Cooperative, Inc.<br/>(NEECO II – Area 1)</p> | <p><br/><b>RUSSEL S. ALABADO</b><br/>Angeles Electric Corporation<br/>(AEC)</p> |
| <p>Supply Sector Member:</p>   |   |
| <p><br/><b>GIAN KARLA C. GUTIERREZ</b><br/>First Gen Corporation<br/>(FGC)</p>                                      |   |
| <p>Market Operator Member:</p>   |   |
| <p><br/><b>ISIDRO E. CACHO, JR.</b><br/>Independent Electricity Market Operator of the Philippines<br/>(IEMOP)</p>  |   |
| <p>System Operator Member:</p>   |   |
| <p><br/><b>DARRYL A. ORTIZ</b><br/>National Grid Corporation of the Philippines<br/>(NGCP)</p>                    |   |

Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees regarding Terms of Office of WESM Governance Committee Members

| <b>Guidelines Governing the Constitution of the WESM Governance Committees, Issue No. 5.0</b>  |                |   |  |   |
|--|----------------|---|--|---|
| <b>Title</b>   | <b>Section</b> | <b>Original Provision</b>   | <b>Proposed Amendment</b>  | <b>Rationale</b>  |
| Section 3. Vacancy, Nomination, Selection and Appointment of WESM Governance Committee Members | 3.2.1          | In case of a vacancy, the concerned WESM Governance Committee Chairperson, any member thereof, or PEMC shall give notice to the PEM Board immediately upon occurrence of such vacancy or within one month prior to the effectivity of the expiration of term of office of the concerned member. | In case of a vacancy, the concerned WESM Governance Committee Chairperson, any member thereof, or PEMC shall give notice to the PEM Board immediately upon occurrence of such vacancy or within <del>one month</del> <b>ninety (90) days</b> prior to the effectivity of the expiration of term of office of the concerned member.   | To allow the PEM Board ample time to process the nomination, selection, and appointment of WGC members and mitigate the instances of holdover by the WGC member with expiring term. |
| Section 3. Vacancy, Nomination, Selection and Appointment of WESM Governance Committee Members | 3.9            | Hold-over Provision. Any member of a Committee whose appointment has expired shall continue to hold office, with all the rights and obligations attached to the position, until his/her replacement has been duly appointed.  | Hold-over Provision. Any member of a Committee whose appointment has expired shall continue to hold office, with all the rights and obligations attached to the position, until his/her replacement has been duly appointed.<br><br><b><u>The period served by any member of a Committee in hold-over capacity shall be counted against the successor/replacement appointed. The term of the successor/replacement shall be reckoned on the date of expiration of the term of the member replaced.</u></b> | To provide for a fixed reckoning date for commencement and expiration of terms moving forward.  |
| Section 5. PEM Audit Committee   | 5.5            | The term of office of each member of the PEM Audit Committee shall be for three (3) years; provided that the initial members of the PEM Audit Committee   | The term of office of each member of the PEM Audit Committee shall be for three (3) years; provided that the initial <b>incumbent</b> members of   | In order to remedy the error in the implementation of the terms of office of the incumbent members and  |

| Guidelines Governing the Constitution of the WESM Governance Committees, Issue No. 5.0 |         |  |  |  |
|--|---------|--|--|--|
| Title  | Section | Original Provision   | Proposed Amendment   | Rationale  |
|  |         | <p>shall be appointed for the following terms: The Chairperson for three (3) years; one member for two (2) years and the other member for one (1) year. The members of the PEM Audit Committee may be eligible for reappointment but in no case shall a member serve for more than three (3) consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p>  | <p>the PEM Audit Committee shall be <b>subject to the terms of office provided in Section 15.</b><br/> <del>appointed for the following terms: The Chairperson for three (3) years; one member for two (2) years and the other member for one (1) year.</del></p> <p>The members of the PEM Audit Committee may be eligible for reappointment but in no case shall a member serve for more than three (3) consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p>     | <p>stagger the term periods of the succeeding PEM Audit Committee members and avoid a similar situation moving forward, wherein majority of the members will have their term periods expire simultaneously.</p>  |
| Section 6. Market Surveillance Committee   | 6.5     | <p>The term of office of each member of the Market Surveillance Committee shall be for three (3) years: provided that the initial members of the Committee shall be appointed for the following terms: (i) the Chairperson for three (3) years; two (2) members for two (2) years; and the remaining two (2) members for one (1) year. The members of the Market Surveillance Committee may be eligible for reappointment but in no case shall a member serve for more than three (3) consecutive terms.</p> | <p>The term of office of each member of the Market Surveillance Committee shall be for three (3) years; provided that the <del>initial</del> <b>incumbent</b> members of the <b>Market Surveillance</b> Committee shall be <b>subject to the terms of office provided in Section 15.</b> <del>appointed for the following terms: (i) the Chairperson for three (3) years; two (2) members for two (2) years; and the remaining two (2) members for one (1) year.</del></p> <p>The members of the Market Surveillance</p> | <p>In order to remedy the error in the implementation of the terms of office of the incumbent members and stagger the term periods of the succeeding Market Surveillance Committee members and avoid a similar situation moving forward, wherein majority of the members will have their term periods expire simultaneously.</p> |

Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees regarding Terms of Office of WESM Governance Committee Members

| Guidelines Governing the Constitution of the WESM Governance Committees, Issue No. 5.0 |           |  |  |  |
|--|-----------|--|--|--|
| Title  | Section   | Original Provision   | Proposed Amendment   | Rationale  |
|  |           | Service by a member for less than one year shall not be considered one term.   | <p>Committee may be eligible for reappointment but in no case shall a member serve for more than three (3) consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p>  |  |
| Section 8. Technical Committee   | Section 8 | <p>[All the bullets under Section 8. Technical Committee are labeled as "7.1", "7.2", and so on]</p> <p>Section 8. Technical Committee</p> <p>7.1 Composition xxx</p> <p>7.2 Appointment xxx</p> <p>7.3 Qualifications xxx</p> <p>7.4 Responsibilities xxx</p> <p>7.5 Term of Office xxx</p> <p>7.6 Conduct of Business, Voting and Procedures xxx</p> | <p>Section 8. Technical Committee</p> <p><del>7.1</del> <b>8.1</b> Composition xxx</p> <p><del>7.2</del> <b>8.2</b> Appointment xxx</p> <p><del>7.3</del> <b>8.3</b> Qualifications xxx</p> <p><del>7.4</del> <b>8.4</b> Responsibilities xxx</p> <p><del>7.5</del> <b>8.5</b> Term of Office xxx</p> <p><del>7.6</del> <b>8.6</b> Conduct of Business, Voting and Procedures xxx</p>                                | To correct the numbering of the clauses in Section 8 to conform with the section number.   |
| Section 10. Compliance Committee   | 10.5      | <p>The term of office of each member of the Compliance Committee shall be for three (3) years. The members of the Compliance Committee may be eligible for reappointment but in no case shall a member serve for more than three (3) consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p>        | <p>The term of office of <del>each</del> <b>the</b> members of the Compliance Committee shall be for three (3) years; <b><u>provided that the incumbent members of the Compliance Committee shall be subject to the terms of office provided in Section 15.</u></b></p> <p>The members of the Compliance Committee may be eligible for reappointment but in no case shall a member serve for more than three (3)</p> | In order to remedy the error in the implementation of the terms of office of the incumbent members and stagger the term periods of the succeeding Compliance Committee members and avoid a similar situation moving forward, wherein majority of the members will have their term periods expire |

Proposed Urgent Amendments to the Guidelines Governing the Constitution of the WESM Governance Committees regarding Terms of Office of WESM Governance Committee Members

| Guidelines Governing the Constitution of the WESM Governance Committees, Issue No. 5.0 |         |                    |   |   |
|--|---------|--------------------|---|---|
| Title  | Section | Original Provision | Proposed Amendment  | Rationale   |
|  |         |                    | <p>consecutive terms.</p> <p>Service by a member for less than one year shall not be considered one term.</p>   | simultaneously.   |
| New  | New     | New                | <p><b><u>SECTION 15. TRANSITORY PROVISION</u></b></p> <p><b><u>Upon the approval of this provision in this Market Manual, the incumbent members of the PEM Audit Committee, Market Surveillance Committee, and Compliance Committee shall have the following terms of office, reckoned from their latest appointment date:</u></b></p> <ol style="list-style-type: none"> <li>1) <b><u>PEM Audit Committee – The Chairperson for five (5) years, one member for four (4) years, and the other member for three (3) years;</u></b></li> <li>2) <b><u>Market Surveillance Committee – The Chairperson for five (5) years, two (2) members for four (4) years, and the remaining two (2) members for three (3) years; and</u></b></li> <li>3) <b><u>Compliance Committee – The Chairperson for five (5) years; one member for four (4) years, and the</u></b></li> </ol> | <p>In order to remedy the error in the implementation of the terms of office of the incumbent members of the PAC and MSC and once again stagger the terms of office of their members, and initiate the staggering of terms of office of the members of the CC.</p> <p>To avoid a similar situation moving forward wherein all of the members of the said WGCs will have their terms expired simultaneously.</p> |

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| Guidelines Governing the Constitution of the WESM Governance Committees, Issue No. 5.0 |         |                    |   |           |
|--|---------|--------------------|---|-----------|
| Title  | Section | Original Provision | Proposed Amendment  | Rationale |
|  |         |                    | <p><u>other member for three (3) years.</u></p> <p><u>Thereafter, the terms of office of each member of the PEM Audit Committee, Market Surveillance Committee, and Compliance Committee shall be in accordance with Sections 5.5, 6.5, and 10.5, respectively.</u></p> |           |