Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

WESM Rules Stakeholder **Stakeholder Rationale Title** Section **Provision Proposed Amendment** Rationale Comments/Revision Formation of 1.4.6 The *PEM Board* shall form xxx The proposed changes intend to: working groups and appoint Committees qualified personnel who shall act a. Fine tune the responsibilities as the following: of the PEM Audit Committee to oversight functions, while PEM (a) The Audit maintaining its responsibility (a) The *PEM Auditor* to conduct in the conduct of timely, fair Committee Auditor is audits of the operation of the responsible for the and independent market spot market and of the conduct of audits, by audits. Operator independent auditors, Market accordance with clause 1.5: of the operation of the b. Require the conduct of audit Market Surveillance spot market, and of the of Metering Service Providers Market Operator, and (MSPs) in relation to their Committee to monitor and report on activities in the Metering Service compliance with their responsibilities under spot market in accordance **Providers** in the accordance with clause 1.6: **WESM** Rules. Such with cClause 1.5-1.5.2; (c) A Technical Committee to audits/reviews are consistent monitor and review technical with the power and duty of the (b) to (e) PEM Board under WESM matters under and in relation XXX to the WESM Rules, the Grid Rules Clause 1.4.5.2. Code and Distribution Code in accordance with clause Pricing and settlement outputs 1.7; in the WESM are reliant on the (d) A Rules Change Committee integrity and accuracy of data to assist the PEM Board and being provided by the SO and MSPs. the DOE in relation to the

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Stakeholder Rationale Comments/Revision
		revision and amendment of the WESM Rules in accordance with chapter 8, and the formulation, revision and amendment of market manuals, procedures and guidelines; and (e) A Dispute Resolution Administrator to facilitate the resolution of the dispute between and among the parties within a specified period of time in accordance with the dispute resolution		The correct provision to be referenced is Clause 1.5.2 instead of Clause 1.5 which enumerates the responsibilities of the Auditor.	
THE PHILIPPINE S ELECTRICIT Y MARKET AUDITOR	1.5	process under clause 7.3. THE PHILIPPINES ELECTRICITY MARKET AUDITOR	THE PHILIPPINES ELECTRICITY MARKET AUDITOR THE PEM AUDIT COMMITTEE	Global change adopting PEM Audit Committee	
Appointment of the PEM Auditor	1.5.1	Appointment of the PEM Auditor 1.5.1.1 The PEM Board shall appoint a PEM Auditor with such skills and expertise, and on such	1.5.1 Appointment of the PEM Auditor to the PEM Audit Committee		Suggest to clarify the exact numbers

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
		terms and conditions, as the	1.5.1.1 The PEM Board shall	PEM Audit Committee, provisions		
		PEM Board reasonably deems to	appoint persons to form a	under 1.5.1 were accordingly		
		be appropriate, taking into	PEM Audit Committee a	changed.		
		consideration the nature of the	PEM Auditor in such			
		obligations and functions of the	number and with such skills			
		PEM Auditor, as set out in clause	and expertise, and on such			
		1.5.2 and clause 5.2.6.	terms and conditions, as the			
			PEM Board reasonably			
			deems to be appropriate,			
			taking into consideration the			
			nature of the obligations and			
			functions of the PEM Auditor,			
			PEM Audit Committee as			
			set out in <u>C</u> elause 1.5.2 and			
			<u>C</u> elause 5.2.6.			
		1.5.1.2 The PEM Auditor shall				
		not currently or has not been				
		employed within one year prior to				
		the nomination date by any	PEM——Auditor Audit			
		Philippine electric power industry	<u>Committee</u> shall not			
		participants.	currently or has not been			
			employed within one year			
		1.5.1.3 The PEM Auditor must	•			
			by any Philippine electric			
		experience in one or more of the	power industry participants.			
		following fields:				
		(a) Power industry;				
		(b) Economics;				D 0 (050

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

WESM Rules Stakeholder Stakeholder Rationale **Title** Section **Provision Proposed Amendment** Rationale Comments/Revision 1.5.1.3 The members of the Risk management; Information technology and PEM Audit Committee information systems; and/or PEM Auditor must have In such other fields as may sufficient relevant experience be relevant to and required in one or more of the in the performance of audits. following fields: (a) Power industry; (b) Economics; (c) Risk management; (d) Information technology and information systems; and/or (e) In such other fields as may be relevant to and required in the performance of audits. Responsibiliti 1.5.2 Responsibilities of the Auditor Responsibilities of the PEM Consistent with the proposed es of the amendments in Clause 1.4.6. **Audit Committee Auditor** Auditor The PEM Auditor Audit The PEM Auditor shall: Committee shall: The word "annual" was deleted as (a) Conduct annual audits of the the frequency or period of the (a) Be responsible for the Market Operator and the audit is already specified in Conduct of annual settlement system and any Sections 4.5.5.4 and 5.2.6.1. In periodic audits of the other procedures, persons, these sections, the frequency of Market Operator and the systems or other matters settlement system and relevant to the spot market,

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
			any other procedures, persons, and systems or other matters of the Market Operator, and the Metering Services Providers as they are relevant to the spot market;			
	(b)	(c) Recommend changes to the WESM Rules where the PEM Auditor detects deficiencies as a consequence of an audit review, test, check o other form of review; and	the WESM Rules <u>and</u> relevant <u>Market</u> Manuals where the PEM Auditor deficiencies	added as possible areas where the PAC may propose rules		
	(d)	(e) Publish on the marke information website the results of any findings and recommendations unde this clause 1.5.1.	information website the results of any findings or	the Appointment to the PEM Audit		

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

					Stakeholder	Stakeholder Rationale
Title	Section	Provision	Proposed Amendment	Rationale	Comments/Revision	
Review of the WESM Rules	1.5.3	The PEM Auditor may appoint a qualified team of auditors to carry out a review of the scheduling and central dispatch process under the WESM Rules.				
Security of Metering Equipment	4.5.5.4	The PEM Auditor, in consultation with the Market Operator and Metering Services Providers, shall review the security arrangements and requirement of metering installations annually.	<u>Committee</u> , in consultation with the <i>Market Operator</i> and <i>Metering Services Providers</i> , shall review the security	Audit Committee The proposed addition to also review the compliance of the MSPs to the metering installation requirements as stated in the WESM Rules, applicable market manuals and other relevant laws and issuances will serve as reference for the said review.		

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
Market Audit	5.2.6	5.2.6 Market Audit	5.2.6 Market Audit Audits	To classify audit of the Metering		
				Services Provider as market		
				audits, aside from the audits		
				conducted on the Market		
				Operator. Note that these parties		
				are providing services and		
				information to the WESM and		
				Trading Participants.		
Market Audit	5.2.6.1	The PEM Auditor shall arrange	The PEM Auditor Audit	Global change adopting PEM		
		for a spot market audit to be	Committee-shall arrange for	Audit Committee		
		performed once each quarter, or	a the audit of the Market			
		such other period as determined	Operator and the Metering	The review of the spot market		
		by the PEM Auditor.	Services Providers,	once every quarter is not feasible		
			pursuant to Clause 1.5.2	given the time required for the		
			spot market audit to be	selection of the Independent		
			performed once each quarter	Auditors that shall be tapped to		
			periodically, or such other	undertake the audit and the audit		
			periods as determined by the	proper itself.		
			PEM Auditor Audit			
			Committee.	The audit conducted "periodically"		
				will ensure that reviews will be		
				regularly undertaken and that		
				auditees have sufficient time to		
				rectify findings.		
Market Audit	5.2.6.2	The spot market audit shall cover	The spot market audit shall	The first paragraph was		
		and review compliance by the	•	· ·		
		Market Operator with its	by the Market Operator with	compliance of the Market		
		procedures and the effectiveness	the WESM Rules, its Market	Operator to the WESM Rules and		Day 7 of 050

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

WESM Rules Stakeholder Stakeholder Rationale **Title** Section **Provision Proposed Amendment** Rationale Comments/Revision Manuals, and its procedures Manuals and appropriateness of systems as well the as utilized in the operation of the effectiveness and assess and spot market, including but not effectiveness appropriateness of the systems and of utilized by the MO are being limited to: appropriateness the systems utilized in the reviewed in the spot market audit. operation of the spot market. The scope of the audit "Valid audit certificates" was shall, including include, but omitted because it is not the one shall not be not limited to a that should be reviewed; it is the (a) Valid audit certificates for the review of: current revisions of all software. Audit certificate is the one being issued after the numeric software; (a) Valid audit certificates for software has been reviewed. the current revisions of all The proposed changes intend to numeric software All new identify the scope of the market market-related software and modifications to the audit of the MO. The proposed existing software revisions will not just cover the The calculations implemented by the Market review of all numeric software but allocations performed by the Operator for electricity also all newly deployed marketmetering and settlements markets; related software. This is also the systems; intent of the current provision as stated in the last paragraph. (b) xxx; Billing and information (c) systems; (c) xxx;

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
		(d) The scheduling and dispatch processes;	(d) xxx;			
		(e) The processes for software management including the Information and Communications Technology Change Management Process or "ICMP" instituted by the Market Operator subject to the conduct of regular audits as may be determined under the WESM Rules;	(e) The processes for software management including the Information and Communications Technology Change Management Process or "ICMP" instituted by the Market Operator, in accordance to Clause 5.2.6.2 (a) and PEM Audit Market Manual subject to the conduct of regular audits as may be			
		(f) The Market Operator's compliance with the WESM Rules.	determined under the WESM Rules; and			
		The said market audit shall also cover all new software and modifications to the existing	(f) The Market Operator's compliance with the WESM Rules, Market Manuals and other relevant laws and issuances.			

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
		software implemented through	The said market audit shall			
		the ICMP.	also cover all new software			
			and modifications to the			
			existing software			
			implemented through the			
			ICMP			
		New provision	5.2.6.3 The market audit of	This new section specifically		
		-	the Metering Service	provides the audit coverage for		
			Providers shall cover the	the MSP.		
			review of their compliance			
			with their responsibilities	The systems, persons and		
			under the WESM Rules,	procedures to be audited shall		
			<u>applicable</u> <u>provisions</u>	cover only those that are relevant		
			under the Grid Code and	to the spot market.		
			other relevant rules and			
			regulation, including the			
			effectiveness and			
			appropriateness of			
			systems utilized that are relevant in the operation of			
			the spot market.			
			the spot market.			
Market Audit	5.2.6.3	The PEM Auditor may engage,	5.2.6.34 The PEM Auditor	Renumbering		
		subject to the PEM Board	<u> </u>			
		approval, the services of a	engage, subject to the PEM	The approval by the PEM Audit		
		qualified third party Auditor as	Board approval, the services	Committee and PEM Board of the		
		outlined in clause 1.5.2 and	of a qualified third party	engagement of Independent		

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
		clause 5.2.6.2. The selection of	<u>Independent</u> Auditor as	Auditors is proposed to be deleted		
		third party Auditors shall be	outlined in e C lause 1.5.2 and	since the current provisions of		
		approved by the PEM Board.	e C lause 5.2.6.2 for the	PEMC's Manual of Approval		
			various audits it shall	already provides the level of		
			supervise. The selection of	approving authorities for the		
			third party an _ Auditor shall	procurement of services inclusive		
			be approved by the PEM	of the engagement of		
			Board.	Independent Auditors.		
Market Audit	5.2.6.4	The PEM Auditor shall prepare a	5.2.6.4. <u>5</u> The PEM Auditor			
		report on the results of the spot	Audit Committee shall	Audit Committee		
		market audit. The said report				
		shall be made available to the	•	To clarify that reports shall be		
		DOE, the ERC, the PEM Board		prepared for all audits conducted		
		and WESM members.	report shall be made			
				Committee and such reports shall		
			'-	be provided to the parties audited		
			PEM Board and WESM	as well.		
			members.			
Intervention		6.9.4.1 Upon the concurrence	6.9.4.1 Upon the	Global change adopting PEM		
Report		of one or more of the following	concurrence of one or more	Audit Committee		
		events:	of			
		(a) xxx;	the following events			
		(b) xxx;	(a) xxx;			
		(c) xxx; or	(b) xxx;			

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale
Title	Section	the PEM Board shall, within ten days thereof, direct the Market Surveillance Committee to investigate the circumstances of that event and prepare a report to assess: (a) xxx; (b) xxx; (c) xxx; and (d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the PEM Auditor.	the PEM Board shall, within ten days thereof, direct the Market Surveillance Committee to investigate the circumstances of that event and prepare a report to assess: (a) xxx; (b) xxx; (c) xxx; and (d) Any finding of potential, fault of any WESM Participant including a preliminary recommendation for further evaluation by the	Rationale		Stakenoider Rationale
			PEM Auditor Audit Committee.			

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the WESM Rules

Title	Section	Provision	Prop	posed Amen	dment	Rationale	Stakeholder Comments/Revision	Stakeholder Rationale		
Glossary		PEM Auditor. The auditor	PEM	Auditor	<u>Audit</u>	Global change adopting PEM				
		appointed by the PEM Board	Comm	<u>ittee</u> . <u>The c</u>	<u>ommittee</u>	Audit Committee				
		under clause 1.4.6 to undertake	he auc	ditor appointe	ed by the					
		functions as set out in clause	PEM E	Board under	e <u>C</u> lause	Corrected the reference clause				
		1.5.	1.4.6	to undert	ake the					
			functio	ns as set	out in					
			e <u>C</u> laus	se 1.5. <u>2</u>						
		NEW	Indepe	endent	Auditor.	To define Independent Auditor as				
			Refers	to the th	ird party	used in relevant WESM Rules				
			entity	with	adequate	Clauses				
			expert	ise, organ	ized to					
			<u>condu</u>	ct market a	audits or					
			<u>specia</u>	al audits	of the					
			proces	sses and the	systems					
			of the	WESM.						

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
Recitals		WHEREAS, Clause 1.4.6 of the WESM Rules further provides that the	WHEREAS, Clause 1.4.6 of the WESM Rules further provides that the	 To be consistent with the proposed amendments to the WESM Rules. Consistent with the power and duty of the PEM Board 		
		PEM Board shall form working groups and appoint qualified personnel who shall act as the following:	PEM Board shall form working groups committees and appoint qualified personnel who shall act as the following:	under WESM Rules Clause 1.4.5.2 to oversee and monitor the activities of the Market Operator to ensure that they fulfill their responsibilities under the WESM Rules, and acting in		
		(a) The PEM Auditor to conduct audits of the operations of the spot market and of the Market Operator;	(a) The PEM Auditor PEM Audit Committee is responsible for the conduct of audits, by Independent Auditors, of the operations of the spot market and of the Market Operator, and theMetering Service Providers;	 a manner consistent with the WESM Rules. The term "PEM Auditor" was replaced with "PEM Audit Committee" consistent with the proposed amendments to the WESM Rules and Retail Rules. 		

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
Definition o	of I	"Market Information	(b) xxx "Market Information	To differentiate the PEMC		
Terms		Website" refers to the facility established by the Market Operator on the electronic communication system on which it may publish information which is then available to and may be	PEMC Website" refers to the facility established by the Market Operator on the electronic	website (<u>www.wesm.ph</u>) from the MO public website		
		"PEM Auditor" refers to the Chairperson of the PEM Audit Committee tasked to conduct audits of the operation of the spot market and of the Market Operator in	"PEM Auditor" refers to the Chairperson of the PEM Audit Committee tasked to conduct audits of the operation of the spot market and of the Market Operator in accordance with the WESM Rules.	proposed amendments to the WESM Rules and Retail Rules. When referring to the head of the committees, the term		

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
		accordance with the WESM Rules. "PEM Audit Committee" or "PAC" refers to one of the PEM Committees and headed by the PEM Auditor to perform duties in accordance with the WESM Rules.	"PEM Audit Committee" or "PAC" refers to the committee appointed by the PEM Board to undertake the functions as set out in Section 5.04 of this manual. one of the PEM Committees and headed by the PEM Auditor to perform duties in accordance with the WESM Rules. subsequent renumbering due to deletion of item (p)			
PEM Board Committees	2.01	Committees. The PEM Board shall form working groups and appoint	Committees. The PEM Board shall form working groups committees and	proposed amendments to the		

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder	Stakeholder
PEM Audit Committee		PAC shall consist of three (3) members, headed by the PEM Auditor who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules.	PAC shall consist of three (3) members, headed by the <u>Chairperson</u> PEM Auditor who is an Independent Member as defined herein, with qualifications as prescribed under these Guidelines and pertinent rules	Chairperson to be consistent with other Committees.	Comment/Revision	Rationale
		5.02 Appointment. The PEM Board appoints the members and the PEM	5.02 Appointment. The PEM Board appoints the members and the PEM Auditor as the	Same rationale in 1.02.		

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

		Surgicial Services of the serv	Constitution of Fem Committee		
Title Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
	Auditor as the chairperson of the Audit Committee.				
	audit of the operation of the spot market and of	PAC, headed by the PEM Auditor conductsaudit of the operation of the spot market and of the Market Operator in accordance			

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

				Constitution of t Livi Commit		
Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
		necessary by the	they are or other			
		PAC;	matters relevant			
		(b) Test and check	to the Spot Market			
		any	spot market or as			
		enhancements or	may be deemed			
		updates in the	necessary by the			
		market	PAC;			
		infrastructure	(b) Test and check any			
		provided by the	enhancements or			
		Market Operator	updates in the			
		for use by WESM	market			
		Members;	infrastructure			
		(c) Review any	including any new			
		procedures and	items or version			
		practices which	<u>of software</u>			
		are covered by the	provided by the			
		WESM Rules	Market Operator for			
		including but not	use by WESM			
		limited to	Members;			
		procedures	(c) Review any			
		mentioned in	procedures and			
		WESM Rule	practices which are			
		5.2.6.2 at the	covered by the			
		direction of the	WESM Rules			
		PEM Board;	including but not			

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

			Cardoninos Soverning the	Constitution of Livi Committee		
Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
		(d) Recommend	limited to			
		changes to the	procedures			
		WESM Rules	mentioned in	To differentiate the PEMC		
		where the PAC	WESM Rule	website (<u>www.wesm.ph</u>) from		
		detects	5.2.6.2 at the	the MO public website		
		deficiencies as a	direction of the	(<u>www.iemop.ph</u>).		
		consequence of an	PEM Board;			
		audit, review, test,	(d) Recommend			
		check or other	changes to the			
		form of review;	WESM Rules,			
		(e) Review the	Retail Rules and			
		security	<u>relevant Market</u>			
		arrangements and	<u>Manuals</u> where			
		requirement of	the PAC			
		metering	detects identified			
		installations	deficiencies as a			
		annually in	consequence of			
		consultation with	an audit, review,			
		the Market	test, check or			
		Operator and	other form of			
		Metering Service	review;			
		Providers;	(e) Review the security			
		(f) Prepare a report	arrangements and			
		on the result of the	requirement of			
		spot market audits	metering			

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

			Caldonilos Covorning and	Constitution of a Livi Committee		
Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
		and publish on the	installations			
		Market Information	annually			
		Website the	periodically in			
		results of any audit	consultation with			
		findings and	the Market			
		recommendations;	Operator and			
		and	Metering Service			
		(g)The PAC shall	Providers;			
		perform all other	(f) Prepare Publish			
		functions and	on the PEMC			
		duties referred to	website the			
		in the WESM	<u>results of any</u>			
		Rules and in	<u>findings</u> and			
		accordance with	<u>recommendations</u>			
		applicable laws	<u>under this</u>			
		and rules.	Sectiona report on			
			the result of the			
			spot market audits			
			and publish on the			
			Market Information			
			Website the results			
			of any audit			
			findings and			
			recommendations;			
			and			

ANNEX B

Proposed Amendments to the Guidelines Governing the Constitution of PEM Committees

Title	Chapter	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
			(g) The PAC shall perform Perform all other functions and duties referred to in the WESM Rules and in accordance with applicable laws and rules.			

Title Section Original Provision Proposed Amendment Rationale Introduction 1 1.1 Purpose Background This Market Manual contains a descriptive summary of the WESM Rules in relation to the Rationale The proposed changes intend to: 1.1.1This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM Rules in relation to the PEM Auditor and WESM Rules in relation to the PEM Auditor and WESM Rules in relation to the PEM Auditor and WESM Rules in relation to the PEM Audit Committee						
Introduction 1 1.1 Purpose This Market Manual contains a descriptive summary of the WESM Rules in relation to the Rules	Title Sectio	n Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	
pem Auditor and WeSM audits. This Manual for the objectives, scope and provides for the objectives, scope and procedures of the audits of the Market Operator and the spot market, or specific audits of WeSM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WESM Rules. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system for reporting the results of the "WeSM Rules"). In the Wesm Rules in the functions of the PEM Auditor, and the system for reporting the results of the "Wesm Rules" or the "Rules"), under Clause 1.4.6	Introduction 1	This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Manual provides for the objectives, scope and procedures of the audits of the Market Operator and the spot market, or specific audits of WESM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WESM Rules. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system	1.1.1This Market Manual contains a descriptive summary of the WESM Rules in relation to the PEM Auditor and WESM audits. This Manual provides for the objectives, scope and procedures of the audits of the Market Operator and the spot market, or specific audits of WESM Members requested to the PEM Auditor, and in general the functions of the PEM Auditor in auditing compliance with the WESM Rules. It also covers the characteristics of the audit processes and use of expert auditors by the PEM Auditor, and the system for reporting the results and recommendations of such audits. 1.1.1 The Wholesale Electricity Spot Market Rules (the "WESM Rules" or the	a. Fine tune the responsibilities of the PEM Audit Committee to oversight functions, while maintaining its responsibility in the conduct of timely, fair and independent market audits. b. Require the conduct of audit of theMetering Service Providers (MSPs), which are consistent with the power and duty of the PEM Board under WESM Rules Clause 1.4.5.2. Pricing and settlement outputs in the WESM are		

ANNEX C

Proposed Amendments to the PEM Audit Manual

			F LIVI Audit	Wallual		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and recommendations of	provides for the formation of	accuracy of data being		
		such audits.	a PEM Audit Committee that	provided by the SO and		
			shall oversee the conduct of	MSPs.		
			audits, by Independent			
			Auditors, of the operation of			
			the spot market, the Market	The correct provision to be		
			Operator and Metering	referenced is Clause 1.5.2		
			Service Providers.	instead of Clause 1.5 which		
				enumerates the		
			1.1.2 This Manual is	responsibilities of the Auditor.		
			developed in accordance with			
			Clauses 1.5.2 and 5.2.6.2 of			
			the WESM Rules, and Clause			
			1.4.3.1 and 4.8.1 of the Retails			
			Rules which mandate the			
			PEM Audit Committee to be			
			responsible for:			
			a) Conduct of audits of			
			the procedures,			
			persons and systems of			
			the Market Operator			
			and theMetering			
			Services Providers as			
			they relate to the			
				<u> </u>		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			operation of the spot			
			<u>market;</u>			
			b) Test and check any			
			<u>enhancements</u> or			
			updates in the market			
			<u>infrastructure</u>			
			including any new			
			items or version of			
			software provided by			
			the Market Operator for			
			use by WESM			
			Members; c) Review any procedures			
			and practices which			
			are covered by the			
			WESM Rules at the			
			direction of the PEM			
			Board;			
			d) Recommend changes			
			to the WESM Rules,			
			Retail Rules and			
			relevant Market			
			Manuals where the			
			PAC identified			
			<u>deficiencies as a</u>			
			<u>consequence of an</u>			

		F LIVI Audit	manaai		
Title Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		audit, review, test, check or other form of review; e) Prepare and Publish on the PEMC website the results of any findings and recommendations under this Section.			
	1.1.2 The general objectives of this Manual are the following: (a) Establish the requisites and mechanisms to ensure the independence and transparency of the PEM Auditor and WESM audits;	1.2.1 1.1.2 The general objectives of this Manual are the following:	with the proposal above. Global change was made throughout this Manual revising the PEM Auditor to		

FLIVI AUGIL IVIATIUAL						
Title Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
Title Section	(b) Establish the requisites and mechanisms to ensure independent and effective audits of the spot market and of the Market Operator, as well as to ensure compliance and non discrimination in applying the WESM Rules; (c) Establish effective procedures and audit processes when the PEM Auditor is requested to assess compliance or identify problems in the implementation	independent and effective audits of the spot market and of the Market Operator and the Metering Services Providers, as well as to ensure compliance and non-discrimination in applying the WESM Rules, the Retail Rules and its Market Manuals;	Audit Committee, have already been included in this		Rationale	

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		WESM Rules regarding generation scheduling, dispatch, price setting and settlement;	d) (d)Clarify the different types of audits that may be requested from the PEM Audit Committee Auditor,			
		(d) Clarify the different types of audits that may be requested from the PEM Auditor, including special audits of a WESM Member, the System Operator or the Market Operator	including special audits of a WESM Member, <u>a</u> Metering Services Provider, the System Operator or the Market Operator when requested by the PEM Board or in the assessment or investigation of an alleged breach;			
		when requested by the PEM Board or in the assessment or investigation of an alleged breach;	e) (e)Clarify the rights and responsibilities of the PEM Audit Committee Auditor in proposing amendments to the WESM Rules, the Retail Rules or its Market Manuals when identifying,			
		(e) Clarify the rights and responsibilities of the	through audit processes, problems in the design or implementation or			

	PEW AUGIT Manual						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		PEM Auditor in proposing amendments to the WESM Rules when identifying, through audit processes, problems in the design or implementation or application of the WESM Rules, or in submitting reviews to amendments to the WESM Rules;	Rules, the Retail Rules or its Market Manuals. or in submitting reviews to amendments to the WESM Rules; f) (f) Establish the role of the PEM Audit Committee Auditor in relation to the review of metering installations and				
		(f) Establish the role of the PEM Auditor in relation to metering arrangements; and					

	FEIW AUUIT WAITUAL							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		(g) Establish the rights and mechanisms for the PEM _Auditor to contract external independent expert auditor support and the mechanisms for field audits.						
		may identify non- compliance conducts or conditions during an	conducts or conditions during an audit process. In such cases, the PEM Auditor should submit a non-compliance complaint to the Enforcement	The deleted provision was transferred to Section 3 - Responsibilities.				

ANNEX C

Proposed Amendments to the PEM Audit Manual

PEW Audit Manual						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		PEM Auditor and WESM	Manual provides for the			
		audits. This Manual	objectives, scope and the			
		provides for the	procedures <u>for the</u>			
		objectives, scope and	conduct of the audits of			
		procedures of the audits	the Market Operator and			
		of the Market Operator	the spot market, <u>and</u>			
		and the spot market, or	Metering Services			
		specific audits of WESM	<u>Providers</u> or specific			
		Members requested to	audits of WESM Members			
		the PEM Auditor, and in	requested of the PEM			
		general the functions of	Audit Committee			
		the PEM Auditor in	Auditor. It also covers the			
		auditing compliance with	characteristics of the audit			
		the WES M Rules.	processes and use of			
			expert auditors by the			
			PEM Auditor, and the			
			system for reporting the			
			results and			
			recommendations of such			
			audits.			
			1.2.3 This Manual also			
			defines the			
			responsibilities and the			
			functions of the PEM			
			Audit Committee			

ANNEX C

Proposed Amendments to the PEM Audit Manual

				-	Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
			pursuant to the relevant			
			provisions of the WESM			
			Rules and the Retail			
			Rules and its Market			
			<u>Manuals.</u>			
		1.1.4 For the purpose of	1.1.4 For the purpose of this	The deleted provision was		
		this Manual, any act,	Manual, any act, omission,	transferred to proposed		
		omission, conduct or	conduct or behavior and the like	Section 1.3.4 (Scope).		
		behavior and the like	contrary to or in non-compliance			
		contrary to or in non-	with the WESM Rules, including			
		compliance with the	its Market Manuals, the WESM			
		WESM Rules, including	Objectives, rules and			
		its Market Manuals, the	regulations, regarding the			
		WESM Objectives, rules	WESM Rules, shall be			
		and regulations,	considered a breach.			
		regarding the WESM				
		Rules, shall be				
		considered a breach.				
		1.1.5 Upon the request	1.1.5 Upon the request of the	The provisions in this section		
		of the Enforcement and	Enforcement and Compliance	were deleted and transferred		
		Compliance Officer	Officer (ECO) or the PEM Board	to appropriate sections of the		
		(ECO) or the PEM Board	to assist in the assessment or	PEM Audit Manual.		
		to assist in the	investigation of an alleged			
		assessment or	breach, the PEM Auditor shall	The first part as revised was		
		investigation of an	carry out or coordinate and	transferred to Section 3.1.2		
		alleged breach, the PEM	supervise the required audits,	(Responsibilities).		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		Auditor shall carry out or	inform the audit findings and					
		coordinate and supervise	give its opinions in relation to the	The last sentence was				
		the required audits,	alleged breach. The procedures	transferred to Section 1.3.3				
		inform the audit findings	and processes described in this	(Scope).				
		and give its opinions in	Manual do not cover the details					
		relation to the alleged	of assisting or auditing in the					
		breach. The procedures	assessment or investigation					
		and processes described	process of an alleged breach,					
		in this Manual do not	as they are covered in the					
		cover the details of	Compliance and Enforcement					
		assisting or auditing in	Market Manual. However, this					
		the assessment or	Manual covers the interactions					
		investigation process of	between the PEM Auditor, the					
		an alleged breach, as	ECO and the PEM Board in					
		they are covered in the	relation to alleged breaches.					
		Compliance and	_					
		Enforcement Market						
		Manual. However, this						
		Manual covers the						
		interactions between the						
		PEM Auditor, the ECO						
		and the PEM Board in						
		relation to alleged						
		breaches.						
		1.2 Scope	<u>1.3</u> 1.2 Scope					
		·	<u> </u>					
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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		the PEM Auditor, audits of the spot market and the Market Operator and	all related activities and procedures in relation to the PEM Auditor Audit Committee audits of the spot market and the Market Operator, the Metering Services Providers	included the audit of the the Metering Services Providers per provisions of the WESM			
		 (a) A description of the functions, reports and responsibilities of the PEM Auditor; (b) Requisites and qualifications of the PEM Auditor or any expert auditor used, to ensure independence, adequate expertise and transparency of audits; 	 a) (a)A description of the functions, reports and responsibilities of the PEM Audit Committee Auditor; (b) Requisites and qualifications of the PEM Auditor or any expert auditor used, to ensure independence, adequate expertise and transparency of audits; 	This Manual no longer contains the requisite qualifications to be a PEM Audit Committee member as the Guidelines Governing the Constitution of PEM Board Committees already sufficiently cover these.			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(c) Access rights to the audit reports, proposed recommendations by external auditors and	b) (e)Access rights to the audit reports, proposed recommendations by Independent external Auditors and the final recommendations of the PEM Audit Committee			ranonalo
		the final recommendations of the PEM Auditor; (d) Review of implementation and results of audit	Auditor; c) (d) Review of implementation and results of audit recommendations;			
		recommendations; (e) Procedures, general methodology and scope of an audit and the audit results;	results;			
		(f) Interaction between the PEM Board and the ECO or the PEM	e) (f)—Interaction between the PEM Audit Committee Board and the Enforcement and Compliance Office (ECO) or the PEM Board			

	I LIN Addit Inditidal						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		Board when	when requested an				
		requested an	assessment or audit related				
		assessment or audit	to an investigation of an				
		related to an	alleged breach;				
		investigation of an					
		alleged breach;	<u>f)</u> (g) Procedures and criteria				
			for the PEM <u>Audit</u>				
			<u>Committee</u> Auditor to				
		(g) Procedures and	assess the efficiency, validity				
		criteria for the PEM	and justification of new				
		Auditor to assess the	software or modifications to				
		efficiency, validity	existing software of the				
		and justification of	Market Operator;				
		new software or					
		modifications to	g) (h)A description of				
		existing software of	interactions between the				
		the Market Operator;	PEM Auditor <u>Audit</u>				
			<u>Committee</u> and the PEM				
			Board, and the <u>R</u> rules				
		(h) A description of	<u>C</u> ehange <u>Committee</u>				
		interactions	process, in relation to the				
		between the PEM	results and				
		Auditor and the	recommendations of the				
		PEM Board, and the	audits, <u>leading to</u>				
		rules change	proposals for the				
		process, in relation	amendments <u>of the</u>				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
			•			Rationale
		to results and	proposed to the WESM			
		recommendations	Rules, the Retail Rules, or			
		of the audits,	<u>its Maket Manuals. in</u>			
		amendments	submitting results of special			
		proposed to the	audits requested by the PEM			
		WESM Rules, or in	Board.			
		submitting results of				
		special audits				
		requested by the				
		PEM Board.				
		1.2.2 This Manual	<u>1.3.2</u> 1.2.2 This Manual	Added the Metering Services		
		provides for a	provides for a streamlined	Providers consistent with		
		streamlined process for	process for the an annual	above.		
		an annual audit of the	periodic audit of the spot			
		spot market, conducted	market and conducted together	Audits shall cover all periods,		
		together with the Market	with the Market Operator, audit	based on the timeline set by		
		Operator audit.	and the Metering Services	the PAC and in consultation		
			Providers.	with the auditee.		
			1.3.3 This Manual also	Lifted from the last sentence		
			covers the interaction	of Section 1.1.5 (Issue 2.0)		
			between the PEM Audit	with some revisions		
			Committee, the ECO and the			
			PEM Board in relation to any			
			request by the ECO or the			
			PEM Board for the PEM Audit			
			Committee to assist, through			
<u> </u>	1	<u> </u>	<u> </u>	<u> </u>		

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			its audits, in the assessment			
			or investigation of an alleged			
			breach.			
			1.3.4 For the purpose of this	Lifted from Section 1.1.4		
			Manual, any act, omission,	(Issue 2.0) with some		
			conduct or behavior and the	revisions		
			like contrary to or not in			
			compliance with the WESM			
			Rules and the Retail Rules			
			including its Market Manuals			
			shall be considered a breach.			
		1.3 Review and Updates	1.3 Review and Updates			
		1.3.1 The PEM Board,	1.3.1 The PEM Board, with the	The responsibility to review		
		with the assistance of the	assistance of the PEM Auditor,	and update the manual was		
		PEM Auditor, shall	shall maintain this Manual under	included under the Section		
		maintain this Manual	review, to identify any need for	3.1.9 (Responsibility).		
		under review, to identify	updates and amendments.			
		any need for updates and				
		amendments.				

Proposed Amendments to the PEM Audit Manual

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		1.3.2 Amendment to the	1.3.2 Amendment to the	The procedures in amending		
		provisions of this Manual	provisions of this Manual	a Market Manual, including		
		requires the approval of	requires the approval of the	the PEM Audit Manual is		
		the PEM Board. After	PEM Board. After each such	covered in the Rules Change		
		each such approval, the	approval, the amended Manual	Manual and thus suggested		
		amended Manual shall	shall be published in the Market	to no longer be included in		
		be published in the	Information Website. Subject to	the PEM Audit Manual. The		
		Market Information	the Manual of Procedures on	proposed Section 8		
		•	Changes to the WESM Rules,	1 `		
			the approval of the PEM Board	·		
		_	shall specify the date when the	this.		
		• •	amended Manual becomes			
		PEM Board shall specify				
		the date when the	amendment and/or change to			
		amended Manual				
		becomes effective.	retroactively applied.			
		However, no such				
		amendment and/or				
		change to this Manual				
		shall be retroactively				
		applied.				

1.3.3 Amendment	1.3.3 Amendment proposals to	The reasons for amending	
proposals to this Manual	this Manual may arise from	any Market Manual are	
may arise from		already included in the Rules	
	(a) The PEM Board, upon its	Change Manual and thus	
(a) The PEM Board,	own initiative or upon a	suggested to no longer be	
upon its own	recommendation by	included in the PEM Audit	
initiative or upon	other PEM Committees;	Manual.	
a	(b) A WESM Member, the		
recommendation	Market Operator or any		
by other PEM	party affected by the		
Committees;	operations of this		
(b) A WESM	Manual; and		
Member, the	(c) The PEM Auditor in view		
Market Operator	of:		
or any party	i. Audit experiences,		
affected by the	problems or other		
operations of this	issues that arise in		
Manual; and	the implementation		
(c) The PEM Auditor	and application of		
in view of:	this Manual; or		
i. Audit	ii. Amendments to the		
experiences	WESM Rules or		
, problems	other Applicable		
or other	Law, Rules and		
issues that	Regulations; or		
arise in the	iii. Conflict of		
implementat	interpretation; or		
ion and	iv. Provisions or parts		
application	of this Manual being		
of this	annulled or declared		
Manual; or	invalid.		
ii.			
Amendmen			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		ts to the				
		WESM				
		Rules or				
		other				
		Applicable				
		Law, Rules				
		and				
		Regulations				
		; or iii. Conflict of				
		interpretatio n; or				
		iv. Provisions				
		or parts of				
		this Manual				
		being				
		annulled or				
		declared				
		invalid.				
		1.3.4 Amendment	1.3.4 Amendment proposals	These provisions are already		
		proposals shall be				
		submitted, reviewed and	and approved in accordance	Manual.		
		approved in accordance	with the procedures in the Rules			
		with the procedures in the	Change Manual.			
		Rules Change Manual.				

1.3.5 The responsibilit	1.3.5 The responsibility for	These provisions are already	
for drafting the	-	part of the Rules Change	
amendments occasioned	occasioned and approved by	Manual.	
and approved by the	the above-described		
above-described	circumstances shall lie with -		
circumstances shall lie			
with –	(a) The Rules Change		
	Committee regarding		
(a) The Rule	<u>amendments to this</u>		
Change	<u>Manual that are</u>		
Committee	required or otherwise		
regarding	<u>attributable to</u>		
amendments to			
this Manual tha	·		
are required of			
otherwise	and Regulations; or		
attributable to			
amendments to	-		
the WESM			
Rules or other			
Applicable Law			
Rules and			
Regulations; or	assistance of the		
	Rules Change		
(b) The PEN			
Auditor in a	l		
other			
amendments			
provided			
however that the			
PEM Audito			
may request the			
assistance o	1		Daga 42 of 252

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		the Rules				
		Change				
		Committee.				
Definitions,	2	2.1 Definitions	2.1 Definitions	The items deleted are either		
Interpretation				already defined in the WESM		
and		Unless otherwise defined	Unless otherwise defined in this	Rules, are already not		
Construction		in this Manual, terms and	Manual, terms and acronyms	applicable, or not used in the		
		acronyms used in this	used in this Manual shall have	Manual because of the		
		Manual shall have the	the same definition as that in the	proposed general changes.		
		same definition as that in	WESM Rules.			
		the WESM Rules.		The terms retained are		
				commonly used terms in the		
				Manual.		
		• Act means the	• Act means the Republic Act			
		Republic Act No.	No. 9136 also known as the			
		9136 also known as	Electric Power Industry			
		the Electric Power	Reform Act (EPIRA), as they			
		Industry Reform Act	may be issued or modified			
		(EPIRA), as they may	by competent authorities			
		be issued or modified	from time to time.			
		by competent				
		authorities from time				
		to time.				
		Applicable Law,	Applicable Law, Rules and			
		Rules and	Regulations shall include the			
		Regulations shall	EPIRA and its Implementing			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		include the EPIRA	Rules and Regulations, the			
		and its Implementing	Philippine Grid Code, the			
		Rules and	Philippine Distribution Code,			
		Regulations, the	the WESM Rules and Market			
		Philippine Grid Code,	Manuals, the Competition			
		the Philippine	Rules, and such other			
		Distribution Code, the	codes, rules, regulations,			
		WESM Rules and	issuances related to the			
		Market Manuals, the	WESM, as they may be			
		Competition Rules,	issued or modified by			
		and such other	competent authorities from			
		codes, rules,	time to time.			
		regulations,				
		issuances related to				
		the WESM, as they				
		may be issued or				
		modified by				
		competent authorities				
		from time to time.				
		Audit Committee 4	 Audit Committee refers to a 			
		refers to a group of	group of experts selected by			
		experts selected by	the PEM Auditor to act as			
		the PEM Auditor to	auditors and support the			
		act as auditors and	audit functions in the WESM.			
		support the audit				

	I EM Addit Maridai					
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		functions in the WESM.				
		Audit Report means the report of the PEM Auditor or the Audit Committee that presents audit results and recommendations.	to the report of the PEM Auditor or the Audit Committee or the			
		DOE refers to the Department of Energy, the government agency created pursuant to Republic Act No. 7638.	Department of Energy, the government agency created pursuant to Republic Act			
		Enforcement and Compliance Officer (ECO) refers to an officer of the PEMC in charge of the compliance and enforcement functions and responsibilities as established in the	● Enforcement and Compliance Officer (ECO) refers to an officer of the PEMC in charge of the compliance and enforcement functions and responsibilities as established in the WESM Rules, and in charge of the corresponding procedures			

	I EN Addit Marida					
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		WESM Rules, and in charge of the corresponding procedures established in the Compliance and Enforcement Market Manual.	established in the Compliance and Enforcement Market Manual.			
		 ERC refers to the Energy Regulatory Commission, the independent quasi- judicial regulatory body created by the EPIRA. 	• ERC refers to the Energy Regulatory Commission, the independent—quasi-judicial regulatory body created by the EPIRA.			
		• Independent means a person that is considered as independent of the Philippine electric power industry, in accordance with the criteria set forth in WESM Rule 1.4.2.7.	person that is considered as independent of the Philippine electric power industry, in accordance with the criteria set forth in the WESM Rule s . 1.4.2.7.	In anticipation that the provision defining independent will be reflected in another clause.		
		 Investigation means an inquiry conducted 	 Investigation means an inquiry conducted by the 			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		by the ECO or conducted by the MSC upon request by the ECO to verify compliance with the WESM Rules, pursuant to the Compliance and Enforcement Market	ECO or conducted by the MSC upon request by the ECO to verify compliance with the WESM Rules, pursuant to the Compliance and Enforcement Market Manual.			
		Manual. Market Manual means a manual of specific procedures, systems and protocols for the implementation of the WESM Rules and for the PEM Committees and the ECO.	Market Manual means a manual of specific procedures, systems and protocols for the implementation of the WESM Rules and for the PEM Committees and the ECO.			
		Market Manual Website means the website that the PEM Board assigns for the publication of the Market Manuals and	Market Manual Website means the website that the PEM Board assigns for the publication of the Market Manuals and that can be accessed by WESM members.			

			i Livi Addit	Mariaar		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		that can be accessed by WESM members.				
		Manual refers to this PEM Audits Market Manual.	Manual refers to this PEM Audits Market Manual.			
		Market Information Website means the website for the publication of information and results of the WESM established in accordance with the WESM Rules.	Market Information Website means the website for the publication of information and results of the WESM established in accordance with the WESM Rules.			
		Market Surveillance Committee (MSC) refers to the PEM Committee appointed by the PEM Board to monitor and report on activities in the spot market in accordance with the Market Surveillance Market Manual.	Market Surveillance Committee (MSC) refers to the PEM Committee appointed by the PEM Board to monitor and report on activities in the spot market in accordance with the Market Surveillance Market Manual.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		 Metering Services 	Metering Services Provider			
		Provider refers to a	refers to a person or entity			
		person or entity	authorized by the ERC to			
		authorized by the	provide metering services			
		ERC to provide	and registered with the			
		metering services	Market Operator in that			
		and registered with	capacity in accordance with			
		the Market Operator	clause 2.3.6 of the WESM			
		in that capacity in	Rules.			
		accordance with				
		clause 2.3.6 of the				
		WESM Rules.				
		 PEM Auditor refers to 	PEM Auditor refers to the			
		the auditor appointed	auditor appointed by the			
		by the PEM Board as	PEM Board as defined in the			
		defined in the WESM	WESM Rules and tasked to			
		Rules and tasked to	undertake the functions and			
		undertake the	activities set out in this			
		functions and	Manual.			
		activities set out in				
		this Manual.				
		 PEM Board refers to 	• PEM Board refers to the			
		the Board of Directors	Board of Directors of the			
		of the PEMC that is	PEMC that is responsible for			
		responsible for	governing the WESM.			
		governing the WESM.				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		• PEM Committee				
		refers to a Committee	Committee duly provided for			
		duly provided for	under the WESM Rules and			
		under the WESM				
		Rules and such other	created by the PEM Board			
		committees created	•			
		by the PEM Board				
		from time to time be,	Manual, the PEM Auditor,			
		including for				
		purposes of this	and the MSC.			
		Manual, the PEM				
		Auditor, the Technical				
		Committee and the				
		MSC.				
		• PEMC refers to the				
		Philippine Electricity	1			
		Market Corporation, a	1			
		non-stock, non-profit				
		public-private	partnership that governs the			
		partnership that	, .			
		governs the	market (WESM).			
		wholesale electricity				
		spot market (WESM).				
		 PEMC Charter refers 				
		to the Articles of	<u>'</u>			
		Incorporation and By-	By-Laws of the PEMC, as			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		Laws of the PEMC,	approved by the Securities			
		as approved by the	and Exchange Commission			
		Securities and	on 18 November 2003, and			
		Exchange	as they may be amended			
		Commission on 18	from time to time			
		November 2003, and				
		as they may be				
		amended from time to				
		time.				
		• Rules denote the	 Rules denote the WESM 			
		WESM Rules.	Rules.			
		• Rules Change	 Rules Change Committee 			
		Committee refers to	refers to the committee			
		the committee	established by WESM Rule			
		established by	8.2 to review and propose			
		WESM Rule 8.2 to	amendments to the WESM			
		review and propose	Rules.			
		amendments to the				
		WESM Rules.				
		Selection Committee	Selection Committee refers			
		refers to the	to the Committee composed			
		Committee	of at least three (3)			
		composed of at least	members of the PEM Board,			
		three (3) members of	one of whom should be an			
		the PEM Board, one	Independent PEM Board			
		of whom should be an	director, which is tasked to			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		Independent PEM	review and evaluate the			
		Board director, which	qualifications of all persons			
		is tasked to review	nominated to any PEM			
		and evaluate the	Committee requiring			
		qualifications of all	appointment by the PEM			
		persons nominated to	Board.			
		any PEM Committee				
		requiring				
		appointment by the				
		PEM Board.				
		Technical Committee	• Technical Committee refers			
		refers to the group of	to the group of persons			
		persons appointed by	appointed by the PEM			
		the PEM Board to	Board to monitor and review			
		monitor and review	technical matters under and			
		technical matters	in relation to the WESM			
		under and in relation	Rules, the Grid Code and			
		to the WESM Rules,	Distribution Code, in			
		the Grid Code and	accordance with WESM			
		Distribution Code, in	Rule 1.7;			
		accordance with				
		WESM Rule 1.7;				
		Trading Participant is	• Trading Participant is a			
		a person or entity	person or entity registered			
		registered with the	with the Market Operator in			
		Market Operator in	accordance with WESM			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		accordance with	Rule 2.3.3 as either a					
		WESM Rule 2.3.3 as	customer or a generation					
		either a customer or a	company.					
		generation company.						
		WESM Objectives	 WESM Objectives refers to 					
		refers to the	the objectives of the spot					
		objectives of the spot	market as defined in WESM					
		market as defined in	Rule 1.2.5.					
		WESM Rule 1.2.5.						
		• WESM Member	• WESM Member means a					
		means a person who	person who is registered					
		is registered with the	with the Market Operator in					
		Market Operator in	accordance with WESM					
		accordance with	Rules 2.3 and 2.4, and that					
		WESM Rules 2.3 and	includes Trading					
		2.4, and that includes	Participants, Metering					
		Trading Participants,	Services Providers, Network					
		Metering Services	Service Providers, Ancillary					
		Providers, Network	Services Providers and the					
		Service Providers,	System Operator.					
		Ancillary Services						
		Providers and the						
		System Operator.						

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
Interpretation	2.2.8	2.2.8 The provisions in	2.2.8 The provisions in this	Revised to include the Retails		
and		this Manual, the WESM	Manual, the WESM Rules, the	Rules.		
Construction		Rules and other Market	Retail Rules and other Market			
		Manuals shall be read,	Manuals shall be read,			
		construed and	construed and interpreted in			
		·	such a manner as to harmonize			
		manner as to harmonize	and reconcile each and every			
			provision thereof. In the event of			
			inconsistency, the WESM Rules			
		In the event of	or the Retail Rules, whichever			
		inconsistency, the	<u>is applicable</u> shall prevail.			
		WESM Rules shall				
		prevail.				
		2.2.10 If part of a	2.2.10 If part of a provision of	Clerical edit		
		provision of this Manual	this Manual <u>should</u> be			
		be invalidated or nullified	invalidated or nullified by any			
		by any court or authority	court or authority of competent			
		of competent jurisdiction,	jurisdiction, but the rest of such			
		but the rest of such	provision would remain valid if			
		'	part of the wording were			
		valid if part of the wording	•			
		· ·	the provision shall apply with			
		' ' '	such minimum modification as			
I		such minimum	may be:			
		modification as may be:				

Title	Cootion	Original Provision	Drangood Amendment	Dationala	Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		(a) Necessary to make it	a) (a) Necessary to make it			
		valid and effective;	valid and effective; and			
		and	b) (b) Most closely achieves			
		(b) Most closely	the result of the original			
		achieves the result of	wording but without			
		the original wording	affecting the meaning or			
		but without affecting	validity of any other			
		the meaning or	provision of this Manual.			
		validity of any other				
		provision of this				
		Manual.				
The PEM	3	3. The PEM Auditor	3. The PEM Audit Committee			
Auditor			Auditor			
Responsibilitie		3.1.1 The main	3.1.1 Pursuant to WESM			
S		responsibility of the PEM	Rules Clause 1.5.2, The main			
		Auditor is to conduct, on	responsibility of the PEM	·		
		his own or through	Auditor Audit Committee is to	1 ,		
		appointment of auditors,	shall oversee the conduct, on			
		and to coordinate and	his own or through appointment			
		supervise effective and	of auditors, and to coordinate			
		independent audits of the	and supervise of effective and	PEMC.		
		operation of the spot	independent audits of the			
		market and of the Market	operation of the spot market			
		Operator, in order to	and of the Market Operator,	1 .		
		reinforce Trading	and the Metering Services	Audit Committee to conduct		

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Rationale
		Participants' confidence	Providers in accordance with	the audit of the MO and the		Kationale
		•				
		in the transparency and	the processes discussed in	MSPs.		
		adequacy of the	this Manual and provide			
		operation of the WESM.	recommendations consistent			
			with the WESM Objectives, in			
			order to reinforce the Trading			
			Participants' confidence in the			
			transparency and adequacy of			
			the operation of the WESM <u>and</u>			
			the Retail Market.			
		3.1.2 To support and	3.1.2 To The PEM Audit	The provision was rephrased		
		facilitate assessments or	Committee shall support and	for clarity.		
		investigations of an	facilitate the assessments or			
		alleged breach to the	investigations of an alleged	Last paragraph was lifted		
		WESM Rules and when	breach to of the WESM Rules,	from Section 1.1.5 (Issue 2.0)		
		requested by the ECO,	the Retail Rules or its Market			
		the PEM Auditor may	Manuals, and when. whenever			
		conduct specific audits	requested by the ECO or the			
		on WESM Members, the	PEM Board. In this regard, the			
		System Operator or the	PEM-Auditor Audit Committee			
		Market Operator	it-may initiate the conduct of			
		-	specific audits of WESM			
			Members, Metering Service			
		and procedures				
		established in the WESM				
		Rules.	pursuant to compliance with the			
			<u> </u>			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		3.1.3 In the	standards, systems and procedures established in the WESM Rules, the Retail Rules or its Market Manuals. The PEM Audit Committee shall coordinate and supervise the required audits, inform the PEM Board and/or the ECO of its audit findings and give its opinion in relation to the alleged breach. 3.1.3 In the performance of its	Revised - The alignment with		
		performance of its responsibilities, the PEM Auditor shall endeavor to conduct audits and make recommendations consistent with - (a) The WESM Objectives; (b) The development of the WESM in a manner that is sustainable, competitive, efficient,	responsibilities, the PEM <u>Audit</u> <u>Committee</u> Auditor shall endeavor to conduct audits and	WESM Objectives is already mentioned in Section 3.1.1, emphasizing the responsibility of the PAC to recommend consistent with the WESM Objectives. Letter c is already part of WESM Objectives – that a level playing field exists		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		transparent and reliable; (c) Non discrimination; (d) Consistency and transparency; and (e) Efficient and effective systems, software and working	(c) Non discrimination; b) (d) Consistency and transparency; and c) (e) Efficient and effective systems, software and working processes.			
		processes. 3.1.4 The PEM Auditor shall observe all provisions of the WESM Rules, its Market Manuals and the PEMC Charter that are applicable to its functions and responsibilities, as well as any standard of conduct or conflict of interest guidelines prescribed by the PEM Board by resolution.	Committee shall observe all provisions of the WESM Rules, the Retail Rules and its Market Manuals and the PEMC Charter that are applicable to its	-		Dogo 59 of 252

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		2.6.4 The DEM Auditor	2452C4 The DEM Audit	Lifted from Continu 2 C 1 and		Rationale
		3.6.1 The PEM Auditor				
		shall implement effective	<u>Committee</u> Auditor shall			
		data management on	implement effective data	' ' '		
		audit processes and shall	management on of its audit	Manual		
		organize, maintain and	_			
		review audit results,	maintain and review audit			
		findings and the	results, findings and the			
		implementation of audit	implementation of audit			
		recommendations	recommendations.			
		262 The DEM Auditor	246 262 The DEM Audit	Lifted from Section 2.6.2 with		
			3.1.6 3.6.2 The PEM Audit			
		·	Committee Auditor shall ensure	I		
		•	adequate follow up of each all	1 ·		
		· ·	audit recommendations, and	1 ·		
		•	shall verify, in relation to			
		'	problems and issues identified	1		
		· ·	in an audit, whether the action	1		
			plans to address the audit			
		recommendations where		action plans being		
		implemented and, if so,	· ·	implemented by auditees.		
		whether they were				
		successful in achieving	Committee shall assess if			
		the desired outcomes	the action plans addressed			
		and solving the identified	the audit findings and			
		problems.	achieved and, if so, whether			
			they were successful in			
			achieving the desired outcomes			
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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			and solving solved the identified problems.			Rationalo
		3.6.3 The PEM Auditor shall implement a formal mechanism for tracking the development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected.	3.1.7 3.6.3 The PEM Audit Committee Auditor shall implement a formal mechanism to track the for tracking the development of deficiencies identified by audits, and the ways in which these deficiencies are being corrected. status of action plans committed to address deficiencies identified in the audits.			
		3.6.4 The PEM Auditor shall implement for each audit a post-implementation review to ensure that appropriate emphasis is given to the audit findings and that the relevant parties are implementing the recommendations. In particular, the PEM Auditor shall include the following as part of the				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		audit, viz.: (a) The review of the measures implemented and actions taken in view of the recommendations	measures implemented				
		of the previous similar audit; (b) Comments on the adequacy of the measures implemented and actions taken in view of the findings and recommendations of the previous audit; and					
		(c) Further recommendations, if a problem found in the previous audit continues to be unsolved or if the party was	c) (c) Further recommendations, if a problem s found in the previous audit continues to be unsolved or if the party			D 04 . (050	

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Rationale
		unable to put in	was unable to put in place			Nationale
		place the	the enhancements			
		enhancements	recommended in the			
		recommended in	previous audit.			
		the previous audit.	•			
		1.3.1 The PEM Board,				
		with the assistance of the	Committee Board, with the	revised		
		PEM Auditor, shall	assistance of the PEM Auditor,			
		maintain this Manual	shall maintain this Manual under			
		under review, to identify	review this Manual annually,			
		any need for updates and	to identify any need for updates			
		amendments.	and amendments.			
		O.4.5. The DEM Decad	O.A.S. The DEM Deand through	Deleted since there		
		1	3.1.5 The PEM Board, through			
		1	the President of the PEMC,	-		
		the PEMC, shall exercise		Guidelines Governing the		
		administrative	supervision over the PEM			
		supervision over the PEM	·	Board Committees.		
		, and the second	shall exercise the following			
		President shall exercise				
		the following functions:	(a)Monitor the performance of			
		(a) Monitor the	the PEM Auditor, including			
		performance of the	the Audit Committee;			
		PEM Auditor,	(b)Provide recommendation on			
		including the Audit	any adjustments of			
		Committee;	honoraria that may be			
			received by the PEM			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		 (b) Provide recommendation on any adjustments of honoraria that may be received by the PEM Auditor, including the Audit Committee; (c) Recommend the termination and removal of the PEM Auditor or member of the Audit Committee. 	Auditor, including the Audit Committee; (c) Recommend the termination and removal of the PEM Auditor or member of the Audit Committee.			
Scope of Work		3.2.1 The PEM Auditor	3.2.1 The PEM Audit	Global Change on the name		
and Functions		has the following scope of work and specific functions:		of the Committee		
		adequacy and test	the effective implementation and operation of the audit provisions of this Manual; b) (b) Review the adequacy and test any new, upgraded or			
		any new, upgraded	modified software of the			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		or modified software	Market Operator for the					
		of the Market	WESM or provided to					
		Operator for the	WESM Members for their					
		WESM or provided	own use;					
		to WESM Members						
		for their own use;						
			c) Test and check any new	To include software used by				
			items or new versions of	the CRB for the retail market				
			market-related software					
			used by the Central					
			Registration Body or					
			provided by the Central					
			Registration Body for use					
			by retail market					
			participants;					
		(c) Ensure effective and	<u>d</u>) (c) <u>Conduct</u> <u>Ensure</u>	To cover all audits and				
		independent audits	effective and independent	reviews of systems,				
		of the spot market						
		and of the Market	market and of the Market	persons, or other matters				
		Operator,	Operator, particularly but	relevant to the WESM				
		particularly but not	not limited to:					
		limited to:	<u>i_(i)</u> The audit of the					
		(i) The audit of	generation					
		the generation	scheduling and					
		scheduling and	dispatch process,					
		dispatch	price calculation,					
	•		•			D 04 - (0E0		

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		process, price	market settlement;			
		calculation,	and			
		market	<u>ii (ii)</u> The audit of any other			
		settlement;	procedures,			
		and	processes, persons,			
		(ii) The audit of	systems or other			
		any other	matters relevant to			
		procedures,	the WESM and the			
		processes,	implementation of the			
		persons,	WESM Rules;			
		systems or				
		other matters				
		relevant to the				
		WESM and the				
		implementatio				
		n of the WESM				
		Rules;				
			e) Conduct an audit of the			
			Central Registration	<u>-</u>		
			Body and the systems,	procedures, processes,		
			processes and	•		
			procedures and other	relevant to the retail market		
			matters relevant to the			
			operations of the Central			
			Registration Body and			

Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		the performance of its functions.			
((d) Review or audit	f) (d) Review or audit specific	Renumbering		
	specific procedures,	procedures, standards,			
	standards, facilities	facilities or systems			
	or systems related	related to generation			
	to generation	scheduling, dispatch,			
	scheduling,	prices and settlement at			
	dispatch, prices and	the request of the PEM			
	settlement at the	Board, either to assess			
	request of the PEM	adequacy of such			
	Board, either to	matters, procedures or			
	assess adequacy of	processes, or to audit			
	such matters,	compliance;			
	procedures or				
	processes, or to				
	audit compliance;				
(,	g) (e) During an investigation of			
	investigation of an	an alleged breach, and			
	alleged breach, and	upon the request of the	compliance audits		
	upon the request of	ECO <u>or the PEM Board</u> ,			
	the ECO, assess or	assess or audit			
	audit compliance by	compliance by a WESM	-		
	a WESM Member,	Member, <u>Metering</u>	· .		
	the System	Services Provider/s, the	Rules or Retail Rules		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		Operator or the Market Operator on systems or procedures in relation to generation scheduling, dispatch and settlement, or other systems and procedures established in the WESM Rules;	System Operator or the Market Operator on systems or procedures in relation to generation scheduling, dispatch and settlement, or other systems and procedures established in the WESM Rules or Retail Rules;					
		(f) Submit written proposals of changes to the WESM Rules concerning generation scheduling, central dispatch, settlement and other matters covered in its auditing activities, if the PEM Auditor detects deficiencies as a result of an audit or	h) (f) Submit written proposals of for changes to the WESM Rules, the Retail Rules and applicable manuals concerning generation scheduling, central dispatch, settlement and other matters covered in its auditing activities, if the PEM Auditor Audit Committee detects identifies deficiencies as a result of an audit or review process, or other tests or	of the Committee Included in scope the Retail Rules and applicable manuals				

	I Em Addit Mandai							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		review process, or other test or check performed in the course of its duties;	check s performed in the course of its duties;					
		(g) Select and propose, experts or expert teams to be contracted as special external auditors for specific and specialized audits;	Independent Auditors and propose, experts or expert teams to be contracted as	practice of engaging external auditors who will conduct independent audits				
		(h) Prepare audit reports with the main audit findings and the recommendations to be implemented, and see that the reports are published in the Market Information Website;	containing with the main					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		(i) Maintain data, reports and other	k) (i) Maintain data, reports and other information related	Renumbering				
		information related to the development and results of the audit processes;	to the development and results of the audit processes; and,					
		and, (j) Conduct audit of market assessment	<u>I)</u> (j) Conduct <u>an</u> audit of <u>the</u> market assessment system	-				
		system to determine if the system is producing outcomes consistent with the	to determine if the system is producing outcomes consistent with the WESM Rules and the WESM					
		WESM Rules and the WESM objectives.	objectives.					
		3.2.2 In performing its audit work, the PEM Auditor may request to		_				
			Board approval, independent persons or teams <i>Independent</i>	Board on contracting the engagement of external				

Proposed Amendments to the PEM Audit Manual

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		expertise to act as	expertise to act as auditors for	necessary if the amount falls				
		auditors in specific and	in specific and specialized	under their approving				
		specialized audits.	audits.	authority. Said levels of				
				approving authorities are				
				provided in the PEMC's				
				Manual of approvals				
		3.3 Selection and	3.3 Selection and	The provisions in this section				
		Appointment	Appointment	are already in the Guidelines				
				for the Constitution of PEM				
				Committees and thus were				
				no longer included in this				
				manual.				
			3.3.1 The PEM Board shall					
			select and appoint a person with					
		person with the	,					
		'	established in this Manual to					
		•	perform the mandate of the					
		this Manual to perform	PEM Auditor.					
		the mandate of the PEM						
		Auditor.						
			3.3.2 Selections shall be made					
			at least one month before the					
			expiration of the term of the					
		•	PEM Auditor or within one					
			month after a vacancy has					
		one month after a	occurred in the position of PEM					

Proposed Amendments to the PEM Audit Manual

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		vacancy has occurred in	Auditor. PEM Board shall					
		the position of PEM	publish in a newspaper of					
		Auditor. PEM Board shall	general circulation and post in					
		publish in a newspaper of	the Market Information Website					
		general circulation and	a notice calling for the					
		post in the Market	submission of qualified					
		Information Website a	nominees. Any person or entity					
		notice calling for the	making such nomination must					
		submission of qualified	submit a nomination form as					
		nominees. Any person or	prescribed by the PEM Board.					
		entity making such						
		nomination must submit a						
		nomination form as						
		prescribed by the PEM						
		Board.						
		3.3.3 The Selection						
		Committee shall review	•					
		•	nominated and request from					
		•	those that it considers compliant					
		that it considers						
		compliant with the	requisites, the submission of an					
		qualifications and	•					
		requisites, the	qualifications and experience.					
		submission of an						
		expression of interest						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		with their qualifications				Rationale
		and experience.				
		3.3.4 The Selection	3.3.4 The Selection Committee			
		Committee will review the	will review the submissions			
		submissions received	received and select the person			
		and select the person	best qualified and complies with			
		best qualified and	the independence requisites. In			
		complies with the	determining the list of			
		independence requisites.	nominees, the Selection			
		In determining the list of	Committee shall consider			
		nominees, the Selection	foreign professionals only if			
		Committee shall consider	such professional is known to			
		foreign professionals	be an outstanding expert or			
		only if such professional	specialist in the particular field			
		is known to be an	and that the services of such			
		outstanding expert or	foreigner is urgently necessary			
		specialist in the particular	either for lack of local experts or			
		field and that the services	if his or her service will promote			
		of such foreigner is	the advancement of the WESM.			
		urgently necessary either				
		for lack of local experts or				
		if his or her service will				
		promote the				
		advancement of the				
		WESM.				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		3.3.5 Upon receipt of	3.3.5 Upon receipt of the list of						
		the list of qualified	•						
		nominees from the	Selection Committee, the PEM						
		Selection Committee, the	Board shall post in the Market						
		PEM Board shall post in	Information Website and make						
			available to all WESM Members						
		Website and make	the list of nominees.						
		available to all WESM							
		Members the list of							
		nominees							
		3.3.6 The PEM Board	3.3.6 The PEM Board shall, by						
		shall, by resolution,	resolution, approve and confirm						
		approve and confirm the	the PEM Auditor recommended						
		PEM Auditor	by the Selection Committee						
		recommended by the	from among the list of qualified						
		Selection Committee	nominees.						
		from among the list of							
		qualified nominees.							
		3.4 Qualifications and	3.4 Qualifications and						
		Disqualifications	Disqualifications						
		3.4.1 To be a PEM	3.4.1 To be a PEM Auditor, a						
		Auditor, a person	-						
		must fulfill the	following requisites and						
		following requisites	possess the following						
		and possess the	qualifications:						

	T EM Addit Manda							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		following						
		qualifications:	(a) Be a natural person;					
		·	, , , , , , , , , , , , , , , , , , , ,					
		(a) Be a natural	(b) Be of legal age;					
		person;						
			(c) Be of sound mind;					
		(b) Be of legal age;	, ,					
			(d) Be at least a college					
		(c) Be of sound mind;	graduate, provided that					
			this qualification shall					
		(d) Be at least a	not apply to those with					
		college graduate,	at least ten (10) years					
		provided that this	of relevant experience					
		qualification shall	in their field of					
		not apply to those	expertise;					
		with at least ten						
		(10) years of	(e) Have an understanding					
		relevant	of the processes and					
		experience in their	types of software					
		field of expertise;	involved in generation					
			scheduling and					
		(e) Have an	centralized economic					
		understanding of	security constrained					
		the processes and	dispatch in power					
		types of software	systems;					
		involved in						

	i Ewi Addit Maridai							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		generation	(f) Have an understanding					
		scheduling and	of the electricity industry					
		centralized	in Philippines, the					
		economic security	WESM Rules, and of the					
		constrained	settlement_requirements					
		dispatch in power	in the WESM, at least					
		systems;	possessing the capacity					
			to quickly acquire such					
		(f) Have an	an understanding;					
		understanding of	_					
		the electricity	(g) Be Independent; and					
		industry in	, ,					
		Philippines, the	(h) Be objective, without any					
		WESM Rules, and	interference or undue					
		of the settlement	influence from the					
		requirements in the	Market Operator,					
		WESM, at least	System Operator or any					
		possessing the	WESM Member.					
		capacity to quickly						
		acquire such an						
		understanding;						
		J						
		(g) Be Independent;						
		and						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(h) Be objective,				
		without any				
		interference or				
		undue influence				
		from the Market				
		Operator, System				
		Operator or any				
		WESM Member.				
		3.4.2 In addition to the				
		qualification	qualification requirements			
		requirements in the	in the previous			
		previous	paragraph, the PEM			
		paragraph, the	Auditor must not be and			
		PEM Auditor must	not have been:			
		not be and not				
		have been:	(a) Convicted by final			
			judgment of an offense			
		(a) Convicted by final				
		judgment of an	any fraudulent act or			
		offense involving	transgression;			
		moral turpitude or				
		any fraudulent act or	(b) Found with finality by a			
		transgression;	court of competent			
			jurisdiction or a quasi-			
			judicial body to have			

		Stakahaldar Cammanta	Ctolcoholder			
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(b) Found with finality	willfully violated, or aided,			
		by a court of	abetted, counseled,			
		competent	induced or procured the			
		jurisdiction or a	violation of any Applicable			
		quasi-judicial body	Law, Rules and			
		to have willfully	Regulations;			
		violated, or aided,				
		abetted, counseled,	(c) Judicially declared to be			
		induced or procured	insolvent;			
		the violation of any				
		Applicable Law,	(d) Found guilty by final			
		Rules and	judgment by a foreign court			
		Regulations;	or equivalent regulatory			
			authority of acts, violations			
		(c) Judicially declared	or misconduct similar to			
		to be insolvent;	any of the acts, violations			
			or misconduct listed in the			
		(d) Found guilty by final	foregoing paragraphs;			
		judgment by a				
		foreign court or	(e) Convicted by final			
		equivalent	judgment of an offense			
		regulatory authority	punishable by			
		of acts, violations or	imprisonment for a period			
		misconduct similar	exceeding six (6) years.			
		to any of the acts,				
		violations or				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		misconduct listed in					
		the foregoing					
		paragraphs;					
		(e) Convicted by final					
		judgment of an					
		offense punishable					
		by imprisonment for					
		a period exceeding					
		six (6) years.					
		3.4.3 Prior to being	3.4.3 Prior to being appointed				
		appointed as PEM	as PEM Auditor, the person				
		Auditor, the person must	must provide the PEM Board a				
		provide the PEM Board a	signed declaration that the				
		signed declaration that	person fully complies with the				
		the person fully complies	independence requisites				
		with the independence	established in this Manual and				
		requisites established in	has no conflict with any of the				
		this Manual and has no	parties covered in this Manual				
		conflict with any of the	-				
		parties covered in this	as a member of the MSC.				
		Manual when he					
		assumes the position as					
		a member of the MSC.					
		3.5. Term of Appointment	3.5. Term of Appointment				

			r Livi Audit		Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Rationale
		3.5.1 The PEM Auditor	3.5.1 The PEM Auditor shall be			
		shall be appointed for a	appointed for a fixed term of			
		fixed term of five (5)	five (5) years and shall be			
		years and shall be	eligible for re-appointment for			
		eligible for re-	one additional fixed term of up			
		appointment for one	to five (5) years.			
		additional fixed term of up				
		to five (5) years.	3.5.2 The PEM Board may			
			terminate the appointment of			
		3.5.2 The PEM Board	the PEM Auditor prior to the			
		may terminate the	end of its term in the following			
		appointment of the PEM	cases:			
		Auditor-prior to the end				
		of its term in the following	(a) The PEM Auditor			
		cases:	ceases to meet the			
			qualifications and			
		(a) The PEM Auditor	requisites established			
		ceases to meet the	in this Manual.			
		qualifications and				
		requisites	(b) The PEM Auditor			
		established in this	becomes disqualified			
		Manual.	in accordance to the			
			disqualification			
		(b) The PEM Auditor	conditions in this			
		becomes	Manual.			
		disqualified in				

	1 Elli Addit Mandai							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		accordance to the	(c) The PEM Auditor fails			Kalionale		
			(c) The PEM Auditor fails to perform its duties					
		disqualification	•					
		conditions in this	and responsibilities in					
		Manual.	accordance with this					
		() TI DEM A III	Manual or he acts					
		(c) The PEM Auditor	contrary to the					
		fails to perform its	principles and					
		duties and	objectives of the					
		responsibilities in	WESM.					
		accordance with						
		this Manual or he	For purposes of this					
		acts contrary to the	provision, the PEM Board					
		principles and	shall constitute an ad hoc					
		objectives of the	committee of three (3)					
		WESM.	persons, composed of the					
			President of PEMC, an					
		For purposes of this	Independent Director, and					
		provision, the PEM	one member from other					
		Board shall constitute	committees not belonging to					
		an ad hoc committee of	the Audit Committee or					
		three (3) persons,	Technical Committee. The					
		composed of the	ad hoc committee shall					
		President of PEMC, an	determine and evaluate					
		Independent Director,	whether there is sufficient					
		and one member from	ground to terminate the PEM					
		other committees not	Auditor's appointment. A					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		belonging to the Audit	determination made by the			
		Committee or	ad hoc group finding			
		Technical Committee.	insufficient grounds for			
		The ad hoc committee	termination shall be final.			
		shall determine and	However, if the ad hoc group			
		evaluate whether there	finds that there is sufficient			
		is sufficient ground to	ground to seek the			
		terminate the PEM	termination of the PEM			
		Auditor's appointment.	Auditor, the same shall be			
		A determination made	confirmed by a majority vote			
		by the ad hoc group	of the PEM Board			
		finding insufficient	constituting a quorum.			
		grounds for termination				
		shall be final.				
		However, if the ad hoc				
		group finds that there is				
		sufficient ground to				
		seek the termination of				
		the PEM Auditor, the same shall be				
		confirmed by a majority vote of the PEM Board				
		constituting a quorum.				
		3.5.3 The PEM Auditor	3.5.3 The PEM Auditor shall			
		shall cease to hold office	cease to hold office if the said			
		if the said person	person			
		ii iiie salu peisoii	person			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		 (a) Resigns prior to the end of its appointment period, or no longer complying with the required qualifications and other requisites, or other personal reasons; or (b) Becomes incapable of performing his duties as stated in this Manual; or (c) Dies. 	of its appointment period, or no longer complying with the required qualifications and other requisites, or other personal reasons; or			
		3.5.4 For impending vacancy of the PEM Auditor, the PEM Board, through the Selection Committee, shall select a replacement sufficiently in advance to enable the	of the PEM Auditor, the PEM Board, through the Selection			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		replacement to be	time. The replacement must			
		available in time. The	meet the qualifications and			
		replacement must meet	requisites set forth in this			
		the qualifications and	Manual. If the replacement has			
		requisites set forth in this	not been appointed in time, the			
		Manual. If the	PEM Board may appoint an			
		replacement has not	officer-in-charge to discharge			
		been appointed in time,	the functions of the PEM			
		the PEM Board may	Auditor in a transitory capacity			
		appoint an officer-in-	until a permanent and			
		charge to discharge the	qualifying replacement has			
		functions of the PEM	been appointed.			
		Auditor in a transitory				
		capacity until a				
		permanent and qualifying				
		replacement has been				
		appointed.				
		3.6 Data Management	3.6 Data Management and On-	The contents of this provision		
		and On-going Review	going Review	have been transferred to		
		genig Herren		Section 3.1 (PEM Audit		
				Committee)		
		3.6.1 The PEM Auditor	3.6.1 The PEM Auditor shall	,		
		shall implement effective	implement effective data	revisions		
		data management on	management on audit			
		audit processes and shall	processes and shall organize,			
		organize, maintain and	maintain and review audit			
	1	•				Page 93 of 253

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		review audit results,	results, findings and the			
		findings and the	implementation of audit			
		implementation of audit	recommendations.			
		recommendations.				
		3.6.2 The PEM Auditor	3.6.2 The PEM Auditor shall	Transferred to 3.1.6 with		
		shall ensure adequate	ensure adequate follow up of	revisions		
		follow up of each audit	each audit recommendation,			
		recommendation, and	and shall verify, in relation to			
		shall verify, in relation to	problems and issues identified			
		problems and issues	in an audit, whether the			
		identified in an audit,	recommendations where			
		whether the	implemented and, if so, whether			
		recommendations where	they were successful in			
		implemented and, if so,	achieving the desired outcomes			
		whether they were	and solving the identified			
		successful in achieving	problems.			
		the desired outcomes				
		and solving the identified				
		problems.				
		3.6.3 The PEM Auditor	3.6.3 The PEM Auditor shall	Transferred to 3.1.7 with		
		shall implement a formal	implement a formal mechanism	some revisions		
		mechanism for tracking	for tracking the development of			
		the development of	deficiencies identified by audits,			
		deficiencies identified by	and the ways in which these			
		audits, and the ways in	deficiencies are being			
			corrected.			
						Page 84 of 253

			PEW AUGIT	Wallual		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		which these deficiencies				
		are being corrected.				
		3.6.4 The PEM Auditor	3.6.4 The PEM Auditor shall	Transferred to 3.1.8 with		
		shall implement for each	implement for each audit a post-	some revisions		
		audit a post-	implementation review to			
		implementation review to	ensure that appropriate			
		ensure that appropriate	emphasis is given to the audit			
		emphasis is given to the	findings and that the relevant			
		audit findings and that the	parties are implementing the			
		relevant parties are	recommendations. In particular,			
		implementing the	the PEM Auditor shall include			
		recommendations. In	the following as part of the			
		particular, the PEM	scope of work of each audit, viz.:			
		Auditor shall include the	(a) The review of the			
		following as part of the	measures implemented			
		scope of work of each	and actions taken in view			
		audit, viz.:	of the recommendations			
		(a) The review of the	of the previous similar			
		measures	audit;			
		implemented and				
		actions taken in	(b) Comments on the			
		view of the	adequacy of the			
		recommendations	measures implemented			
		of the previous	and actions taken in view			
		similar audit;	of the findings and			
			_			

Title Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
	(b) Comments on the adequacy of the measures implemented and actions taken in view of the findings and recommendations of the previous audit; and (c) Further recommendations, if a problem found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in	recommendations of the previous audit; and (c) Further recommendations, if a problem found in the previous audit continues to be unsolved or if the party was unable to put in place the enhancements recommended in the previous audit.			
	the previous audit. 3.7 Reports	3.3 3.7 Reports	Renumbering		
	3.7.1 The PEM Auditor shall present the results				Page 86 of 253

			F LIVI AUGIL	Maria		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		of audits, assessments	submit an Audit Report, to	reasonable time within which		
		and reviews in the	the PEM Board within thirty			
		following reports:	(30) calendar days after an	the PEM Board.		
			audit is finalized. present the			
		(a) At the end of each	results of audits, assessments			
		audit, an Audit	and reviews in the following			
		Report, including	reports:			
		an executive	•			
		summary	(a) At the end of each audit,			
		summing up the	an Audit Report, including			
		outcomes of the	an executive summary			
		audit, main	summing up the			
		finding and the	outcomes of the audit,			
		recommendation	main finding and the			
		s;	recommendations;			
		(b) Rules Review Reports;	(b) Rules Review Reports;			
			(c) Software Review Reports;			
		(c) Software Review				
		Reports;	(d) After the annual			
			assessment of metering			
		(d) After the annual	arrangements, a Metering			
		assessment of	Arrangements Report;			
		metering	and			
		arrangements, a				

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		Metering	(e) Compliance Assessment			
		Arrangements	Reports, on the			
		Report; and	assessment or			
			investigation of alleged			
		(e) Compliance	breaches.			
		Assessment				
		Reports, on the				
		assessment or				
		investigation of				
		alleged breaches.				
		0.7.0 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	0.000.70 Mill: (15)			
		3.7.2 Within fifteen (15)	` ,			
		days after an audit is	1 3	moved to the earlier section.		
		•	the PEM Auditor or by a			
		Auditor or by a	designated expert or expert team contracted to act as			
		expert team contracted to				
		· •	shall prepare and submit to the			
		PEM Auditor shall				
			Report to be submitted to the			
		PEM Board an Audit				
		Report, containing –	following: containing –			
		(a) An executive				
		summary that	<u>a)</u> (a) An executive			
		provides a concise	summary that provides a			
			concise description of			D 00 . (050

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		description of the audit process, its results and recommendations;	results and			
		(b) A description of the scope and nature of the audit, and the parties audited;	the scope and nature of the audit, and the parties			
		(c) If external expert auditors were used, the name of the experts or expert team, the description of its relevant expertise and the report prepared by the	auditors were used, the name of the experts or expert team, the description of its relevant expertise and the report prepared by the expert;			
		expert;	<u>d)</u> (d) The description of the audit process and outcomes; and			
		(a) The description of the audit process and outcomes; and				

ANNEX C

Proposed Amendments to the PEM Audit Manual

ection	Original Provision (b) The main findings and recommendations	Proposed Amendment It is hereby provided that All information or data included in the Audit Benert will take into	Rationale	Stakeholder Comments	Stakeholder Rationale
	and	information or data included in			Kationale
	and	information or data included in			
	recommendations	the Audit Depart will take into			
		the Audit Report will take into			
	•	consideration the confidentiality			
		practices established in this			
	It is becaby provided that	Manual and the WESM Rules.			
	• •				
	•				
	• •				
			Clarifies that the PEM Board		
	shall review each Audit	Committee shall submit the	presentation on the report is		
	Report. Not later than	results of the audit conducted	only for information purposes.		
	fifteen (15) days after the	to the PEM Board, for its			
	next PEM Board meeting	information. A copy of said	Submission of Audit Reports		
	following the receipt of	report shall be provided to the	to the PEM Board for		
			information ensures the		
	Board shall inform the		independence of market		
	PEM Auditor if any		audits.		
	- 1				
		<u>Committees:</u>			
		shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the PEM Board shall inform the PEM Auditor if any	It is hereby provided that all information or data included in the Audit Report will take into consideration the confidentiality practices established in this Manual and the WESM Rules. 3.7.3 The PEM Board shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the PEM Board shall inform the PEM Auditor if any recommendation is Manual and the WESM Rules. 3.3.3-3.7.3 The PEM Audit Committee shall submit the results of the audit conducted to the PEM Board, for its information. A copy of said report shall be provided to the following: a) WESM Governance Committees:	It is hereby provided that all information or data included in the Audit Report will take into consideration the confidentiality practices established in this Manual and the WESM Rules. 3.7.3 The PEM Board shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the PEM Board shall inform the PEM Auditor if any recommendation is Manual and the WESM Rules. Clarifies that the PEM Board presentation on the report is only for information on the report is only for information purposes. Submission of Audit Reports to the PEM Board for information ensures the independence of market audits.	It is hereby provided that all information or data included in the Audit Report will take into consideration the confidentiality practices established in this Manual and the WESM Rules. 3.7.3 The PEM Board shall review each Audit Report. Not later than fifteen (15) days after the next PEM Board meeting following the receipt of the report, the PEM Board shall inform the PEM Board shall inform the PEM Auditor if any recommendation is Manual and the WESM Rules. Clarifies that the PEM Board presentation on the report is only for information on the report is only for information purposes. Submission of Audit Reports to the PEM Board for information ensures the independence of market audits.

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and should not be implemented.	b) Department of Energy; and			
			c) <u>Energy Regulatory</u> <u>Commission</u> .			
			The PEM Board shall review			
			each Audit Report. Not later			
			than fifteen (15) days after the next PEM Board meeting			
			following the receipt of the			
			report, the PEM Board shall			
			inform the PEM Auditor if any			
			recommendation is considered			
			inadequate and should not be implemented.			
			•			
I		3.7.4 Within five (5)				
		•	five (5) business working days	the PEM Board to review the		
		receiving from the PEM		audit recommendations given		
			PEM Board, receiving from the	that the Audit Report is for		
		audit recommendations,		information purposes only.		
		the PEM Auditor shall	,			
		prepare a revised Audit	PEM <u>Audit Committee</u> Auditor shall prepare a <u>public version</u>	· · · · · · · · · · · · · · · · · · ·		
		the Market Information		· ·		
			publish it the same in the			
		Report shall include:	Market Information PEMC			
	1	<u> </u>				Page 01 of 253

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(a) A description of the scope and nature of the audit, indicating parties audited and experts contracted, if any;	Website. The Audit Report to be published shall include: a) (a)A description of the scope and nature of the audit, indicating parties audited and experts contracted, if any;			
		(b) A summarized description of the audit process and main findings; and	b) (b)A summarized description of the audit process and main findings; and			
		(c) The audit results and recommendations to be implemented.	c) (c) The audit results and recommendations to be implemented.			
			No information or data that qualifies as confidential shall be included in the Audit Report for publication.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		3.7.5 It is hereby	3.7.5 It is hereby provided that	Already included in the above		
		provided that no	no information or data that	section		
		information or data that	qualifies as confidential shall be			
		qualifies as confidential	included in the Audit Report.			
		shall be included in the				
		Audit Report.				
		I -	3.3.5 3.7.6 Any WESM	Renumbering		
		·	Member, the Market Operator,			
			the DOE or the ERC may			
		· ·	request for copies of the			
		l	complete Audit Report, provided			
		I	that the version provided as a			
		that the version provided				
		· ·	information that qualifies as			
			confidential in accordance with			
		qualifies as confidential	,			
			exemptions to confidentiality			
		, and the second	provisions established in the			
		exemptions to	WESM Rules.			
		confidentiality provisions				
		established in the WESM				
		Rules.				
			3.7.7 After the end of a review	, ,		
			of the WESM Rules requested	1		
		'	by the PEM Board or the Rules	, ,		
		PEM Board or the Rules	Change Committee, the PEM	included in the		

ANNEX C

Proposed Amendments to the PEM Audit Manual

Change Committee, the PEM Auditor shall prepare a Rules Review Report and shall send it to: Report and shall send it to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. Review Report and shall prepare a Rules Review Report and shall send it te: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. Review Report and shall send it te: (a) The PEM Board; (b) The Rules Change Committee. (b) The Rules Change Committee. (c) DOE.	
prepare a Rules Review Report and shall send it to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. te: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. are likewise provided to all WESM Governance Committees including the Rules Change Committee.	
Report and shall send it to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. WESM Governance Committees including the Rules Change Committee.	
to: (a) The PEM Board; (b) The Rules Change Committee; and (c) DOE. Committees including the Rules Change Committee. Committees including the Rules Change Committee.	
(a) The PEM Board; (b) The Rules Change Committee. (c) DOE. Committee; and	
(a) The PEM Board; (b) The Rules Change Committee; and Committee; and Committee; and Committee; and Committee Commit	
(b) The Rules Change Committee; and	
Committee; and	I
(c) DOE.	
	ļ
3.7.8 After finalizing an 3.3.6 3.7.8 After finalizing an Same rationale as proposed	ļ
assessment or audit assessment or audit requested Section 3.3.3.	
requested by the ECO in by the ECO in the course of an	
the course of an assessment or investigation of	
assessment or an alleged breach, the PEM	
investigation of an Audit Committee Auditor—shall	
alleged breach, the PEM prepare and send to the ECO a	
Auditor shall prepare and its Compliance Assessment	
send to the ECO a Report. A copy of the report	ļ
Compliance Assessment shall also be furnished the	
Report. PEM Board for its	
<u>information.</u>	
3.7.9 The PEM Auditor 3.3.7 3.7.9 The PEM Audit The frequency of	
shall prepare and Committee Auditor shall submission of the Audit	

Title	Section	Original Provision	Proposed Amendment	Potionala	Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		submit to the PEM	prepare and submit to the PEM	Assessment Report is		
		Board monthly	Board monthly Quarterly Audit	revised to allow for a more		
		Audit Assessment	Assessment Reports, which	reasonable timeline for the		
		Reports, which	shall contain:	PEM Audit Committee to the		
		shall contain:		submit an assessment report		
			(a) A list of the audits in	as contents as inputs to the		
		(a) A list of the audits	progressprocess and	report, specifically updates		
		in process and the	the stage of each audit	on action plans committed		
		stage of each audit	still not finalized;	are sourced from auditees.		
		still not finalized;				
			(b) A summarized			
		(b) A summarized	description of the scope,			
		description of the	main finding and			
		scope, main	recommendations of the			
		finding and	audits, assessment and			
		recommendations	reviews finalized during			
		of the audits,	the month;			
		assessment and				
		reviews finalized	(c) An update on the The			
		during the month;	developments and			
			implementation of the			
		(c) The developments	audit recommendations			
		and	and committed action			
		implementation of	plans ; and			
		the audit				

ANNEX C

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		recommendations; and (d) Any recommendation that may arise from the experiences in	otherwise observed.			
		audit procedures established in this Manual or otherwise observed.				
		NEW	3.3.8 No later than three (3) months after the end of the calendar year, the PEM Audit Committee shall submit to the PEM Board its Annual Report, which sets out the accomplishments of the Committee during the subject year and the proposed Work Plan for the coming year.			
		NEW	3.3.8 The PEM Audit Committee shall publish its	·		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
			Annual Report in the PEMC Website.						
Expert Support	4	Expert Support	4. Expert Support Engagement of Independent Auditors	To make it clear that the Chapter is about the engagement of an external auditors and not just expert support					
Scope		4.1.1. To ensure sufficient and adequate expertise, the PEM Auditor may, subject to the PEM Board approval, engage the services of independent persons or teams or companies with special expertise, to act as: (a) Experts for field audits of metering equipment or	4.1 To ensure sufficient and adequate expertise, Pursuant to WESM Rules Clause 5.2.6.4, and Clause 1.5.1 of the Retail Rules, the PEM AuditorAudit Committee may, subject to the PEM Board approval may engage the services of independent persons or teams or companies an Independent Auditor, special expertise, to act as in the following: a) (a) Experts for field audits of Metering Services Providers, and metering	Identifies the audits in scope					
		processes;	ana metering			Dogg 07 of 252			

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Title	Section	Original Provision	Pr	oposed Amendment	Rationale	Stakeholder Comments	Stakeholder
							Rationale
				equipment,			
		(b) Experts for the		i <u>nstallations</u> or and			
		audit and/or		processes;			
		certification of	<u>b)</u>	(b) Experts for the audit			
		the Market		and/or certification of			
		Operator		the Market Operator			
		software; and		software;			
		(c) Expert teams or	<u>c)</u>	(c)Expert teams or			
		companies for the		companies for the audit			
		audit of the		of the WESM and the			
		WESM and the		market processes and			
		processes and		systems in relation to			
		systems in		generation scheduling,			
		relation to		dispatch and			
		generation		settlement of the			
		scheduling,		Market Operator to			
		dispatch and		assess adequacy and			
		settlement of the		verify compliance with			
		Market Operator		the WESM Rules;			
		to assess	<u>d)</u>	audit of the Central			
		adequacy and	_	Registration Body			
		verify compliance		and the systems,			
		with the WESM		processes and			
		Rules.		procedures and other			
				matters relevant to			
				the operation of the			
				and operation of the			

ANNEX C

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Pro	oposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			<u>e)</u>	Central Registration Body and the performance of its functions as set forth in these Retail Rules; Testing and checking any new items or new versions of market- related software used by the Central Registration Body or			
			<u>f)</u>	provided by the Central Registration Body for use by WESM members; audit as may be requested in accordance with the Market Surveillance Compliance and Enforcement Manual;			
			<u>a)</u>	and other audits as may be requested by the PEM Board.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		4.1.2. The PEM Auditor	4.2 The PEM Audit	Revision to clarify that the		
		shall endeavor to	<u>Committee</u> Auditor shall	Technical Committee		
		maximize the use of the	endeavor to maximize the use	members will not be tapped		
		Technical Committee as	of the members of the	as auditors but tapped for		
		expert auditors in audits	Technical Committee as	their expertise on technical		
		where they have the	technical experts or resource	matters, as may be needed,		
		relevant expertise and	persons auditors in relevant	(e.g. TWG) This is being		
		subject to compliance	audit activities audits that	clarified for reasons of		
		with the independence	the PEM Audit Committee	practicality and availability,		
		provisions and	, ;			
		qualifications established	have the relevant expertise,	Committee, the Technical		
		in this Manual.	and subject to compliance with	Committee members are not		
			the independence provisions	full time employees of PEMC,		
			and qualifications established in			
			this Manual.by the WESM			
			Rules.			
		4.1.3. For the purpose of	4.1.3. For the purpose of	Deleted this provision since		
		providing indicative	providing indicative references,	this is an administrative		
		references, the PEM	the PEM Auditor shall prepare	function of the Department		
		Auditor shall prepare	before the beginning of each	assisting the PAC.		
		before the beginning of	year an estimated budget for			
		each year an estimated	external auditors describing:			
		budget for external				
		auditors describing:	a) Cracialized audits that			
			a) Specialised audits that			
			may be required during			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
						Rationale
		a) Specialised	the year and their			
		audits that may	estimated duration; and			
		be required	b) Estimated cost of external			
		during the year	auditors for the identified			
		and their	specialized audits.			
		estimated				
		duration; and				
		b) Estimated cost of				
		external auditors				
		for the identified				
		specialized				
		audits.				
		4.2 Pool of Experts	4.2 Pool of Experts and Audit	This section is no longer		
		and Audit		applicable given the		
		Committee		engagement of the external		
				auditor.		
				The PAC shall no longer		
				create a pool of experts which		
				will include the Technical		
				Committee, which is not		
				really feasible given the		
				scope of the audits to be		
				conducted but shall instead		
				engage an external auditor,		
				subject to the selection		
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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
				process employed by PEMC with the assistance provided by the PAC Secretariat.		
		shall nominate and organize a pool of independent experts for audits.	·	Deleted consistent with above		
		experts shall include: (a) Persons selected from the Technical Committee with	4.2.2 The pool of experts shall include: (a) Persons selected from the Technical Committee with specialized technical expertise; and (b) Not less than two (2) and not more than five (5) experts with adequate and proven expertise, to form an Audit Committee.	Deleted consistent with above		

Title Section	Original Provision	Proposed Amendment		Rationale		Stakeholder Comments	Stakeholder Rationale
	4.2.3 When the PEM Auditor requires expert auditors, it shall prioritize the use of members of the Technical Committee that have been preselected to be part of the approved pool of experts, provided that (a) The member of the Technical Committee has the necessary expertise relevant to the specific audit and is independent from the party or parties to be audited; and (b) The person can reject being designated as an auditor due to insufficient time or	requires expert auditors, it shall prioritize the use of members of the Technical Committee that have been pre-selected to be part of the approved pool of experts, provided that (a) The member of the Technical Committee has the necessary expertise relevant to the specific audit and is independent from the	Deleted above	consistent	with		

Title	Section	Original Provision	Proposed Amendment		Rationale		Stakeholder Comments	Stakeholder Rationale
		other work						
		obligations within						
		the Technical						
		Committee.						
			4.2.4 In making appointments		consistent	with		
		1	to the pool of experts and the	above				
		<u> </u>	Audit Committee, the PEM					
		•	Auditor and the PEM Board					
		Auditor and the PEM	shall endeavor to nominate and					
		Board shall endeavor to	appoint persons with different					
		1	relevant experience and					
		persons with different	knowledge to beget combined					
		relevant experience and	expertise adequate to cover the					
		knowledge to beget	different types of audits					
		combined expertise	specified in this Manual.					
		adequate to cover the						
		different types of audits						
		specified in this Manual.						
		4.3 Technical Committee	4.3 Technical Committee					
		4.3.1 The PEM Auditor	4.3.1 The PEM Auditor may	Deleted	consistent	with		
		may request the	request the PEM Board	above				
		PEM Board to use	to use persons from the					
		persons from the	Technical Committee to					
		Technical	audit –					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
1100	00011011			rtationalo		Rationale
		Committee to				
		audit –	relating to the operation			
			of the spot market;			
		(a) Technical				
		matters	(b) Information			
		relating to the	technology;			
		operation of				
		the spot				
		market;	and data; and			
		(b) Information	(d) Any other matter of a			
		technology;	technical nature in			
		(a) Matarina	relation to the WESM			
		(c) Metering	and the WESM Rules.			
		technology				
		and data; and				
		(d) Any other				
		matter of a				
		technical				
		nature in				
		relation to the				
		WESM and the				
		WESM Rules.				
		4.3.2 A member of the	4.3.2 A member of the	Deleted consistent with		
		Technical Committee				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
		-	·			Rationale
		may be selected and	1			
		included by the PEM	PEM Auditor in the pool of			
		Auditor in the pool of	auditors available to be			
		auditors available to be	designated by the PEM Auditor			
		designated by the PEM	as expert auditors, provided that			
		Auditor as expert	the person shall possess			
		auditors, provided that	relevant expertise for the audits			
		the person shall possess	under the responsibility of the			
		relevant expertise for the	PEM Auditor in accordance to			
		audits under the	this Manual; Provided further			
		responsibility of the PEM	that the PEM Board may reject			
		Auditor in accordance to	the inclusion of a member of the			
		this Manual; Provided	Technical Committee in the pool			
		further that the PEM	of auditors if in its opinion such			
		Board may reject the	person does not have adequate			
		inclusion of a member of	knowledge or sufficient			
		the Technical Committee	expertise.			
		in the pool of auditors if in				
		its opinion such person				
		does not have adequate				
		knowledge or sufficient				
		expertise.				
		4.3.3 Each member of	4.3.3 Each member of the	Deleted consistent with		
		the Technical Committee	Technical Committee included	above		
		included in the pool of	in the pool of auditors that form			
		•	the Audit Committee shall enter			
	L	l	l	l .		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		Audit Committee shall	into a confidentiality			
		enter into a confidentiality	undertaking, the terms of which			
		undertaking, the terms of	shall be prescribed by the PEM			
		which shall be prescribed	Board.			
		by the PEM Board.				
			4.4 Selection and Appointment	Deleted since the provisions		
		Appointment of the Audit	of the Audit Committee	on the selection of the		
		Committee		members of the PEM Audit		
				Committee are already in the		
				Guidelines Governing the		
				Constitution of the PEM		
				Board Committees.		
		4.4.1 To be a member of	4.4.1 To be a member of the			
		the Audit Committee, a	Audit Committee, a person			
		person must meet the	must meet the same			
		same qualifications and	qualifications and not have or			
		not have or had the	had the disqualifications as the			
		disqualifications as the	ones established in this Manual			
		ones established in this	for the PEM Auditor.			
		Manual for the PEM				
		Auditor.				
			4.4.2 For the selection and			
		1	appointment of the members of			
			the Audit Committee, the PEM			
		Committee, the PEM				
		Auditor shall submit to	Selection Committee the			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale					
		the Selection Committee	names, qualifications and								
		the names, qualifications	experience of the candidates.								
		and experience of the	Additionally, the Selection								
		candidates. Additionally,	1								
		the Selection Committee	persons to submit their								
		may call for qualified	expression of interest and their								
		persons to submit their	relevant experience.								
		expression of interest									
		and their relevant									
		experience.									
		4.4.3 The Selection	4.4.3 The Selection Committee								
		Committee shall review	shall review each expert								
		each expert proposed for	proposed for the Audit								
		the Audit Committee and	Committee and the PEM Board,								
		the PEM Board, by	by resolution, shall select and								
		resolution, shall select	appoint the members in								
		and appoint the members	accordance with the procedure								
		in accordance with the	established in this Manual.								
		procedure established in									
		this Manual.									
		4.4.4 Each member shall	4.4.4 Each member shall be								
		be appointed for a period	appointed for a period of three								
		of three (3) years, and	(3) years, and then eligible for								
		then eligible for re-	re-appointment. The member								
		appointment. The	shall cease office prior to the								
		member shall cease									
•	•	•	•	•	•	Dogg 100 of 252					

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakenoider Comments	Rationale
		office prior to the end of	end of its appointment period if			
		its appointment period if				
		the person –	•			
		·	(a) Dies or resigns;			
		(a) Dies or resigns;				
			(b) Fails to discharge the			
		(b) Fails to discharge	obligations of his or her			
		the obligations of	office or is removed for			
		his or her office or	cause as determined by			
		is removed for	an ad hoc committee of			
		cause as	three (3) persons,			
		determined by an	composed of the PEMC			
		ad hoc committee	President, an			
		of three (3)	Independent Director,			
		persons,	and a member of			
		composed of the	another Committee not			
		PEMC President,	belonging to the Audit			
		an Independent	Committee, in the same			
		Director, and a	manner as established			
		member of	in Section 3.5.2 of this			
		another	Manual;			
		Committee not				
		belonging to the	(c) No longer meets the			
		Audit Committee,	qualification requirements			
		in the same	established in this			
		manner as	Manual; or			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		established in Section 3.5.2 of this Manual;	(d) Becomes disqualified under the disqualification conditions established in this Manual.			
		(c) No longer meets the qualification requirements established in this Manual; or (d) Becomes				
		disqualified under the disqualification conditions established in this Manual.				
		4.5 Terms of Reference to Contract External Auditors	4.5 Terms of Reference to Contract External Auditors			
		4.5.1 The PEM Auditor may request to contract external experts for a specialized audit if –	-			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
		(a) The PEM				Rationale
		` '	(a) The PEM Auditor is unable to conduct the			
		unable to	audit itself; and			
		conduct the	(b) The expertise excilable			
		audit itself; and	(b) The expertise available in the Technical			
		(b) The expertise				
		(b) The expertise available in the				
		Technical	inadequate; and			
		Committee is	(a) The expension excitable			
		insufficient or	(c) The expertise available			
		inadequate; and	in the Audit Committee			
		(a) The average (i.e.	is insufficient or			
		(c) The expertise	inadequate			
		available in the				
		Audit				
		Committee is				
		insufficient or				
		inadequate	40 450 The annual and	Devised to senside the		
		4.5.2 In each instance	4.3 4.5.2 The engagement			
		where the PEM Auditor		internal processes of PEMC		
		requires external and	by the PEM Audit Committee	as contracting party for the		
		independent experts for				
		specialized audits, the	to the established guidelines	PAC		
		prepare terms of	where the PEM <u>Audit</u>			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		reference for the audit	<u>Committee</u> Auditor requires			Rationale
		work, describing the	external and independent			
		scope of work, timeframe	•			
		and deliverables. The	-			
		terms of reference shall	Committee Auditor shall			
		also describe the	prepare the terms of reference			
		mechanism to evaluate	for the audit work, describing			
		proposals and determine	the scope of work, timeframe			
		the winner that will be	and deliverables. The terms of			
		contracted as	reference shall also describe			
		independent external				
		auditor.	proposals and determine the			
			winner that will be contracted as			
			independent external auditor.			
		4.5.3 The PEM Board	4.5.3 The PEM Board shall	Deleted – This is an		
		shall review the proposed	review the proposed terms of	administrative task within		
		terms of references and	references and may request	PEMC and does not need to		
		may request clarifications	clarifications or additional	be approved by the PEM		
			information from the PEM			
			Auditor. The PEM Board may	considering that the audits		
		The PEM Board may		· · · · · ·		
		propose changes to the	proposed terms of reference	Rules		
		proposed terms of	before approving the same.			
		reference before				
		approving the same.				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		4.6 External Expert Short	4.6 External Expert Short List			
		List				
		4.6.1 To contract an	4.6.1 To contract an external	Deleted, since these are		
		external expert or expert	expert or expert team for a	administrative process that		
		•	specific audit work, the PEM	1		
		work, the PEM Auditor				
		shall short list a minimum				
		of three (3) experts or	-	consultation with the PAC		
		expert teams, based on				
		their independence,				
		expertise and	3 ,			
		experiences in similar	•			
		audits. In its short-listing,				
		the PEM Auditor shall	parties to be audited.			
		ensure that the experts				
		are totally independent				
		from the parties to be				
		audited.				
		4.6.2 If the PEM Auditor				
		has a pool of external	•	· I		
		auditors approved by the		· 1		
		1	the short list shall be first	, ,		
		shall be first selected	•			
		•	PEM Auditor does not have an			
			approved pool of experts or if	needed.		
		approved pool of experts	the experts available in the pool			

Proposed Amendments to the PEM Audit Manual

	F LIVI AUGIT IVIATIUAL								
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		or if the experts available	are inadequate or insufficient for						
		in the pool are	the required short list, the PEM						
		inadequate or insufficient	Auditor may include experts that						
		for the required short list,	are not in the pool approved by						
		the PEM Auditor may	the PEM Board.						
		include experts that are							
		not in the pool approved							
		by the PEM Board.							
		4.7 Proposal to Contract	4.7 Proposal to Contract	This process is deleted as the					
		External Auditors	External Auditors	engagement of external					
				auditors will be subject to the					
				approval of the appropriate					
				approving authorities of					
				PEMC.					
		4.7.1 The PEM Auditor	4.7.1 The PEM Auditor shall						
		shall request the PEM	request the PEM Board						
		Board approval of the	approval of the short list and						
		short list and audit work	audit work by external experts,						
		by external experts,	submitting a report with -						
		submitting a report with -							
			(a) The description of the scope						
		(a) The description of	of the audit work required, in						
		the scope of the	particular the type of audit						
		audit work required,	and type of special expertise;						
		in particular the type							

Proposed Amendments to the PEM Audit Manual

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		of audit and type of special expertise; (b) The reason(s) why external expertise is needed and the criteria for evaluation;	expertise is needed and the criteria for evaluation;					
		(c) The proposed terms of reference including methodological approach; and						
		(d) The short list of experts or expert team or company proposed, including their qualifications, relevant previous experiences and compliance with independence provisions.	compliance with independence provisions.					

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Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		4.7.2 The PEM Board	4.7.2 The PEM Board shall			
		shall review the request	review the request to contract			
		to contract external	external auditors, the terms or			
		auditors, the terms or	references and the proposed			
		references and the	short list. It may request			
		proposed short list. It	clarifications or additional			
		may request clarifications	information from the PEM			
		or additional information	Auditor, or conduct a special			
		from the PEM Auditor, or	meeting to review the terms of			
		conduct a special	reference. The PEM Board may			
		meeting to review the	reject one or more of the short			
		terms of reference. The	listed experts if in the PEM			
		PEM Board may reject	Board opinion the proposed			
		one or more of the short	expert does not have adequate			
		listed experts if in the	expertise or does not comply			
		PEM Board opinion the	with the required independence.			
		proposed expert does not	If the PEM Board has any			
		have adequate expertise	objection to the proposal, not			
		or does not comply with	later than fifteen (15) days after			
		the required	the next PEM Board meeting			
		independence. If the	following receipt of the request			
		PEM Board has any	from the PEM Auditor, the PEM			
		objection to the proposal,	Board shall inform the PEM			
		not later than fifteen (15)	Auditor –			
		days after the next PEM				
		Board meeting following				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rational	e	Stakeholder Comments	Stakeholder Rationale
		receipt of the request					
		from the PEM Auditor,	experts has been rejected				
		the PEM Board shall	\				
		inform the PEM Auditor –	rejection; and				
		(a) If any of the short	(b) Revisions proposed to the				
		listed experts has	terms of reference.				
		been rejected and					
		the reason(s) for the					
		rejection; and					
		(b) Revisions proposed					
		to the terms of					
		reference.					
		1	4.7.3 If, within the timeframe		proposed		
		•	specified in Section 4.7.2, the	changes above			
			PEM Board does not send to the				
			PEM Auditor any objections to				
		_	the short list or revisions to the				
		1	terms of reference, the PEM				
			Auditor shall continue with the				
		of reference, the PEM	contracting process.				
		Auditor shall continue					
		with the contracting					
		process.					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		4.7.4 If, within the	4.7.4 If, within the timeframe	This is proposed to be		
		timeframe specified in	specified in Section 4.7.3, the	deleted as the duty to		
		Section 4.7.3, the PEM	PEM Board informs that one or	determine the eligibility of		
		Board informs that one or	more experts are rejected and	bidders should be within the		
		more experts are rejected	the remaining short list is	responsibilities of the PEMC		
		and the remaining short	composed of less than three (3)	unit undertaking this function,		
		list is composed of less	candidates, the PEM Auditor	in consultation with the		
		than three (3)	shall submit to the PEM Board	requesting party.		
		candidates, the PEM	other independent experts to			
		Auditor shall submit to	ensure that the short list			
		the PEM Board other	includes at least three			
		independent experts to	alternatives, unless the PEM			
			Board approves that, due to the			
		includes at least three	·			
			characteristics of the audit, it will			
			be difficult to obtain a short list			
		that, due to the nature	of three and authorizes a			
		and special	shorter list of experts.			
		characteristics of the				
		audit, it will be difficult to				
		obtain a short list of three				
		and authorizes a shorter				
		list of experts.				
		4.8 Selection of External	'	' '		
		Expert Auditors	Auditors	deleted as the administrative		
				process has been shifted to		

Proposed Amendments to the PEM Audit Manual

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Rationale
		4.0.4. Open the about list	4.0.4. Open the short list has	the Administrative Complete of		Rationale
		4.8.1 Once the short list				
			been approved and the terms of	_		
		the terms of reference	,	bidding/selection process		
		revised, as necessary,	•			
		the PEM Auditor shall				
		send a request for	proposals to each expert, expert			
		proposals to each expert,	team or expert company short			
		expert team or expert	listed. Each expert shall submit			
		company short listed.	its technical proposal, which			
		Each expert shall submit	shall contain its methodological			
		its technical proposal,	approach, and its financial			
		which shall contain its	proposal.			
		methodological				
		approach, and its				
		financial proposal.				
		4.8.2 The PEM Auditor	4.8.2 The PEM Auditor shall	The approval by the PEM		
		shall review the	review the proposals received	Board of the short listing is		
		proposals received and	and submit a report to the PEM	proposed to be deleted. This		
		submit a report to the	Board recommending the expert	is an administrative task of		
		•	to be contracted. The report			
		recommending the	•	supposed to be high-level		
		expert to be contracted.		policy making body.		
		The report shall describe:	(a) The list of experts that			
			submitted proposals;			
			GaziiiiGa propodalo,			

Title Coeties	Original Descriptor	Dron and American	Detienala	Stakeholder Comments	Stakeholder
Title Section	Original Provision	Proposed Amendment	Rationale		Rationale
	(a) The list of experts that submitted proposals;	(b) For each expert, its qualifications and experiences presented, summary and review of			
	(b) For each expert, its qualifications and experiences presented, summary and review of the methodological.	the methodological approach, and requested costs and remuneration in their financial proposal; and			
	methodological approach, and requested costs and remuneration in their financial proposal; and (c) The outcome of the reviews, indicating the external auditor recommended to be contracted in view of the evaluation	(c) The outcome of the reviews, indicating the external auditor recommended to be contracted in view of the evaluation mechanism included in the terms of reference.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		included in the				
		terms of				
		reference.				
		4.8.3 The PEM Board	4.8.3 The PEM Board shall	This is deleted as this		
		shall review the proposed	, ,	function is administrative in		
		selection and may	and may request clarifications	nature and it is recognized		
		request clarifications or	or further information from the	that the PEM Board is a high-		
		further information from	PEM Auditor in relation to the	level policy making body.		
		the PEM Auditor in	proposals or conduct a meeting			
		relation to the proposals	with the PEM Auditor to review			
		or conduct a meeting with	the evaluation. Not later than			
		the PEM Auditor to	fifteen (15) days after the next			
		review the evaluation.	PEM Board following receipt of			
		Not later than fifteen (15)	the review of proposals			
		days after the next PEM	prepared by the PEM Auditor,			
		Board following receipt of	the PEM Board shall approve			
		the review of proposals	the independent expert to be			
		prepared by the PEM	contracted for the special audit.			
		Auditor, the PEM Board				
		shall approve the				
		independent expert to be				
		contracted for the special				
		audit.				
1arket Audit	7	7.1. General	5.1 7.1 General -Characteristics			
		Characteristics	Guidelines for the Conduct of			
			<u>Audits</u>			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
General Characteristics						
Market Audit General Characteristics	7.1.1	Audits of the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor.	5.1.1 7.1.1 All audits as enumerated under Section 5 of this Manual the spot market and the Market Operator shall be conducted or supervised and coordinated by the PEM Auditor. Audit Committee.	Transferred from Section 7.1.1 with revisions		
Market Audit General Characteristics	7.1.2	Each spot market and Market Operator audit should include the following: (a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited; (b) An audit process within a specified timeframe;	5.1.2 7.1.2 Each spot market and Market Operator audit supervised and coordinated by the PEM Audit Committee should shall include the following: a) (a) Terms of reference with a list of tasks, covering the processes, information and systems to be audited; b) (b) An audit process within a specified timeframe; c) (e) An audit report, describing i (i) The audit process;			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(c) An audit report, describing (i) The audit process; (ii) Main findings, highlighting areas where there are noncompliance with the WESM Rules; and (iii) Conclusions and recommendati ons.	the WESM Rules, Retail Rules or Market Manuals; and iii (iii) Conclusions and			
Market Audit General Characteristics	(new)	N/A	5.1.3 The PEM Audit Committee, in consultation with the Auditee shall prepare the terms of reference for the audit to be conducted.			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
7- Market	7.2.4	The PEM Auditor shall	7.2.4The PEM Auditor shall	Lifted from Section 7.2.4 with		
Audit		submit to the PEM Board	submit to the PEM Board for	revisions		
		for review the proposed	review the proposed standard			
Annual Audit		standard terms of	terms of reference of the annual			
of the Spot		reference of the annual	audit. Within fifteen (15) days			
Market		audit. Within fifteen (15)	after the next PEM Board			
Operator		days after the next PEM	meeting, the PEM Board shall			
		Board meeting, the PEM	send its comments and			
		Board shall send its	observations. The PEM Auditor			
		comments and	shall take into consideration the			
		observations. The PEM	comments and observations			
		Auditor shall take into	received and revise the terms of			
		consideration the	reference accordingly.			
		comments and				
		observations received	5.1.4 The terms of reference			
		and revise the terms of	for all audits shall be			
		reference accordingly.	published in the Market			
		The standard terms of	Information PEMC Website			
		reference for the annual	for comments of WESM			
		audit shall be published	Participants and interested			
		in the Market Information	parties. The PEM Audit			
		Website.	Committee shall take into			
			consideration the comments			
			and observations received			
			and revise the terms of			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			reference accordingly as applicable.			
7- Market Audit Annual Audit of the Spot Market Operator	(NEW)	N/A	5.1.5 In order to streamline the audit process and avoid unnecessary duplications, where possible, the PEM Audit Committee shall coordinate with the Auditee on the scope of the audit to be conducted.			
Types of Audits	5.1	5.1.1 The PEM Auditor shall conduct annual audits of the spot market and of the Market Operator in accordance with the process discussed in this Manual.	5.2 5.1 Types of Audits 5.1.1 The PEM Auditor shall conduct annual audits of the spot market and of the Market Operator in accordance with the process discussed in this Manual.	•		
Annual Audit of the Spot Market and the Market Operator	7.2		5.2 7.2 Audit of the Spot Market and the Market Operator	Lifted from Section 7.2 of Issue 2.0		

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
Annual Audit	7.2.1	Each year and not later	5.2.1 7.2.1 Each year and	Lifted from Section 7.2.1 with		
of the Spot		than the end of October,	not later than the end of	some revisions. Considering		
Market and the		the PEM Auditor shall	October, the PEM Auditor	that the length of audit		
Market		conduct an audit of the	Audit Committee shall	sometimes extends, the end		
Operator		spot market, including	conduct an audit of the spot	of October timeline is no		
		settlement of the markets	market, including settlement of	longer feasible.		
		administered by the	the markets administered by			
		Market Operator,	the Market Operator,			
		generation scheduling,	generation scheduling,			
		dispatch, price	dispatch, price calculation, and			
		calculation, and any	any <u>other</u> procedures and			
		procedures and working	working processes used by the			
		processes used by the	Market Operator in performing			
		Market Operator in	those functions in the WESM.			
		performing those				
		functions in the WESM.				
Annual Audit	7.2.2	The general objectives of	<u>5.2.2</u> 7.2.2The general	Lifted from Section 7.2.2 with		
of the Spot		the annual audit of the	objectives of the annual	some revisions.		
Market and the		spot market and the	periodic audit of the spot			
Market		Market Operator are to:	market and the Market Operator			
Operator			are to:			
		(a) Assess procedures	<u>a)</u> (a) Assess <u>the</u>			
		and working	procedures and working			
		processes in the	processes <u>of</u> in the			
		Market Operator;	Market Operator;			

	b) (b) Assess the		
(b) Assess the	usefulness and		
usefulness and	appropriateness of		
	systems the settlement		
appropriateness of	system, data		
systems settlement	management and other		
system, data	_		
management and	procedures and working		
other procedures	processes used by <u>of</u>		
and working	the Market Operator to		
processes used by	administer the WESM, in		
the Market Operator	order to:		
to administer the	<u>i.</u> (i) Identify		
WESM, in order to:	appropriate steps		
(i) Identify	and measures to		
appropriate	help the Market		
steps and	Operator effectively		
measures to	and efficiently		
help the Market	perform its		
Operator	responsibilities in		
effectively and	time and form in		
efficiently	accordance with the		
perform its	WESM Rules <u>and</u>		
responsibilities	<u>its Market Manuals</u> ;		
in time and form	<u>ii.</u> (ii) Review the		
in accordance	Market Operator <u>'s</u>		
with the WESM	practices and work		
Rules;	processes to		
(ii) Review that the	ensure the		
Market Operator	necessary		
practices and	transparency,		
work processes	independence,		
ensure the	predictability and		
necessary	non-discrimination,		
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				Stakeholder Comments	Stakeholder
Title Section	Original Provision	Proposed Amendment	Rationale	Gtakenoider Comments	Rationale
	transparency, independence, predictability and non-discrimination, and are in compliance with the WESM Rules and best international practices; and (iii) Assess if the systems, calculations, information flows and data management protect accuracy and quality of the data and results in generation scheduling, dispatch, prices and settlement, as well as if internal controls	and are in compliance with the WESM Rules and best international practices; and iii. (iii) Assess if the systems, calculations, information flows and data management protect accuracy and quality of the data and results in non-discriminatory generation scheduling, dispatch, prices and settlement, as well as evaluate if internal controls exist and are sufficient to			

	i Elli Addit Maridai					
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		exist and are	guarantee			
		sufficient to	security and			
		guarantee	confidentiality			
		security and	where			
		confidentiality	appropriate. ,			
		where	proposing			
		appropriate,	recommendation			
		proposing	s to improve the			
		recommendatio	procedures to			
		ns to improve	collect and			
		the procedures	process the			
		to collect and	information and			
		process the	the controls of			
		information and	quality and			
		the controls of	security of data in			
		quality and	the WESM.			
		security of data	<u>c)</u> (c) Assess the			
		in the WESM.	usefulness and			
			appropriateness of the			
		(c) Assess the	interfaces and			
		usefulness and	exchange of			
		appropriateness of	information between			
		the interfaces and	the System Operator			
		exchange of	and the Market			
		information between	Operator in relation to			
		the System Operator	generation scheduling,			

	T EM Addit Manda						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		and the Market	constraints and				
		Operator in relation	dispatch; and				
		to generation	<u>d)</u> Review				
		scheduling,	compliance by the				
		constraints and	Market Operator with				
		dispatch; and	the WESM Rules, its				
		(d) Review compliance	Market Manuals, and				
		by the Market	among other things,				
		Operator with the	the Market				
		WESM Rules.	Operator's				
			compliance with the				
			scheduling and				
			central dispatch				
			procedures under				
			the WESM Rules and				
			applicable Market				
			Manuals and the				
			feasibility and				
			adequacy of the				
			scheduling and				
			central dispatch				
			procedures; and				
			e) Recommend				
			improvements in the				
			spot market and the				
			operation of the				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
			Market Operator				
			where necessary.				
Annual Audit of the Spot Market and the Market Operator	7.1.3	The following criteria shall be used to assess the spot market and the Market Operator:	5.2.3 7.1.3 The following criteria shall be used to assess	Lifted from Section 7.1.3 of Issue 2.0, as revised			
		(a) Clear accountability for performance of Market Operator functions and responsibilities;	<u>a)</u> (a) Clear accountability <u>in</u> for the performance of Market Operator functions and responsibilities;				
		(b) Adequacy - in terms of number and training of staff - to perform assigned tasks and systems used;	b) (b) Adequacy in terms of number and training of staff of trained staff to perform the assigned tasks and use the				
		(c) Efficiency of processes (e.g. time response); (d) Accuracy of tasks	systems; c) (c) Efficiency of processes (e.g. time response);				
		(e.g. numbers of				Dago 124 of 252	

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		errors in settlement statements); (e) Compliance with the WESM Rules;	d) (d) Accuracy of tasks (e.g. numbers—of errors in settlement statements);			
		(f) Degree to which processes are in alignment with the WESM Rules and its Market Manuals; and (g) Quality of the service measured in frequency and level of complaints and disputes.	e) (e) Compliance with the WESM Rules and its Market Manuals; f) (f) Degree to which processes are in aAlignment of processes with the WESM Rules and its Market Manuals; and			
			g) (g) Quality of the service measured in terms of frequency and level of complaints and disputes.			
Annual Audit of the Spot Market and the	7.1.4	In order to streamline the audit process and avoid unnecessary	5.2.4 7.1.4 In order to streamline the audit process and avoid unnecessary	Lifted from Section 7.1.4 of Issue 2.0 with revisions.		

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
Market		duplications, where	duplications, where possible, -			
Operator		possible –	(a) the PEM Audit Committee			
		 (a) The PEM Auditor and the Market Operator shall agree an annual audit of the spot market; and (b) The spot market audit and the annual Market Operator audit shall be conducted together under the supervision and responsibility of the PEM Auditor. 	annual of the audit of the spot			
Annual Audit	7.2.3	The PEM Auditor, with				
of the Spot		the assistance of the		with revisions		
Market and the		Market Operator, shall				
Market		' '	Operator, shall prepare the			
Operator			standard terms of reference for			
		·	the annual periodic audit of the			
			spot market and the Market			
		l '	Operator covering the general			
		general scope described in the previous				
		in the previous paragraph. The standard	<u>5.2.2</u> .the previous paragraph. The standard terms of reference			
		' ' '	shall include the following tasks:			
		Terms of reference shall	shall include the following tasks.			
		1	1			D 400 - (050

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder	
			·			Rationale	
		include the following	<u>a)</u> (a) Verification Verify				
		tasks:	that each and all				
			software of the Market				
		(a) Verify that each and	Operator, haves valid				
		all software of the	audit certificates and				
		Market Operator has	all market-related				
		valid audit	software that have				
		certificates;	been modified or				
			newly-deployed by				
		(b) Review the	the Market Operator				
		calculations and	for the WESM comply				
		allocations	with the WESM Rules				
		performed to	and Market Manuals;				
		determine energy for	b) (b) Review of the				
		the settlement	calculations and				
		calculations in each	allocations performed				
		trading point and for	to determine energy for				
		each Trading	the settlement				
		Participant, and the	calculations in each				
		adequacy of the	trading point and for				
		metering systems;	each Trading				
		motering systems,	Participant, and the				
		(c) Review the	adequacy of the				
		calculations and	metering systems;				
		allocations	<u>c)</u> (c) Review <u>of</u> the				
		performed in the	calculations and				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		settlement process, and the adequacy	allocations performed in the settlement			
		and usefulness of the settlement systems;	process, and the adequacy and usefulness of the			
		(d) Review and assess the billing and	settlement systems; <u>d)</u> (d) Review and assess <u>ment</u> <u>of</u> the			
		settlement system;	billing and settlement system;			
		(e) Review and assess the procedures, processes and	e) (e) Review and assessment of the procedures, processes			
		systems for generation scheduling and	and systems for generation scheduling and dispatch, including			
		dispatch, including management of	management of submission and			
		submission and validation of bids and offers as well as the	validation of bids and offers as well as the adequacy and			
		adequacy and usefulness of the	usefulness of the coordination			
		coordination arrangements and	arrangements and systems <u>of</u> with the System Operator;			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		systems with the	<u>f)</u> (f) Review and				
		System Operator;	assess <u>ment</u> of the				
			processes for software				
		(f) Review and assess	management and data				
		the processes for	protection;				
		software	g) (g) Review of the				
		management and	that, in all the above				
		data protection;	matters, Market				
		·	Operator <u>'s</u> is in				
		(g) Review that, in all the	compliance with the				
		above matters, the	WESM Rules and				
		Market Operator is in	Market Manuals and				
		compliance with the	propose <u>as</u>				
		WESM Rules and	necessary,				
		propose	recommendations for				
		enhancements in	enhancements in				
		processes to achieve	processes to achieve				
		best international	best international				
		practices; and	practices; and				
			h) Review of the market				
			assessment system				
		(h) Except for the first	administered by the				
		audit, review the	Market Assessment				
		measures and	Group, and any				
		actions taken by the	procedures used by				
		Market Operator in	the Market				
<u> </u>		Market Operator III					

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		view of the findings	Assessment Group in			
		and	the collection,			
		recommendations of	<u>validation</u> and			
		the previous audit,	processing of market			
		and assess the	monitoring data, and			
		adequacy and	<u>calculation</u> of			
		effective results of	monitoring indices.			
		such measures and	<u>and</u>			
		actions.				
			i) (h) Except for the first			
			audit, review of the			
			measures and actions			
			taken by the Market			
			Operator in view of the			
			findings and			
			recommendations of			
			the previous audit, and			
			assess <u>ment of</u> the			
			adequacy and effective			
			results of such			
			measures and actions.			
Software of the	10	Software of the Market				
Market		Operator	the Market Operator	Issue 2.0		
Operator						
10.1 Objective	10.1.1	·				
		shall not implement a	Operator shall not implement a	Issue 2.0		Page 137 of 253

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		new software or	new software or associated			
		associated system, or	system, or modify an existing	PAC was added as recipient		
		modify an existing	software or its associated	of prior notice to ensure that		
		software or its associated	system for generation	all new or modifications to		
		system for generation	scheduling, dispatch or	software used for market		
		scheduling, dispatch or	settlement or price calculation	operations are monitored and		
		settlement or price	relevant to the WESM without -	tracked for future audit.		
		calculation relevant to the				
		WESM without –	<u>a)</u> (a) Prior notice to all WESM			
			Members, PEM Audit			
		(a) Prior notice to all	<u>Committee</u> , and the PEM			
		WESM Members	Board, the DOE and the			
		and the PEM Board;	<u>ERC</u> ; and			
		and	b) (b) Undergoing the ICT			
			Change Management			
		(b) Undergoing the ICT	Process <u>instituted by the</u>			
		Change	<u>Market Operator in</u>			
		Management	accordance to WESM			
		Process.	Rules Clause 5.2.6.2			
		All new software or	All new software or			
		modifications to existing				
		software implemented				
		through the ICT Change				
		Management Process				
		shall be subject to post	1			

Title Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
	audit and/or certification within one year from deployment. The ICT Change Management process is instituted by the Market Operator to ensure proper and timely review, approval, and	proper and timely review, approval, and monitoring of all activities on all stages of the			ranonaio	
40.4.01:	monitoring of all activities on all stages of the change management process.					
10.1 Objective 10.1.1	The Market Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without – (a) Prior notice to all WESM Members	Operator shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation	Section 10.1.1 of Issue 2.0 The timing of the post audits on new or modified software shall be subject to the determination of the PAC in consideration of funds availability, market developments, and audit			

PEW AUGIT Manual						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and the PEM Board;	Undergoing the ICT Change			
		and	Management Process.			
		(b) Undergoing the ICT	All new software or			
		Change	modifications to existing			
		Management	software shall be implemented			
		Process.	through the ICT Change			
			Management Process and shall			
		All new software or	be subject to post audit and/or			
		modifications to existing	certification within one year from			
		software implemented	deployment. The ICT Change			
		through the ICT Change	Management Process is			
		Management Process	instituted by the Market			
		shall be subject to post	Operator to ensure proper and			
		audit and/or certification	timely review, approval, and			
		within one year from	monitoring of all activities on all			
		deployment. The ICT	stages of the change			
		Change Management	management process.			
		process is instituted by				
		the Market Operator to				
		ensure proper and timely				
		review, approval, and				
		monitoring of all activities				
		on all stages of the				
		change management				
		process.				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
10.2 Software	10.2.1	If the Market Operator	5.3.3 10.2.1 If the Market	Lifted from Section 102.1 of				
for the WESM		_	Operator wants to implement a	Issue 2.0				
		new software for	new software for generation					
		generation scheduling,	scheduling, dispatch, price					
		dispatch, price	calculation or settlement, or					
		calculation or settlement,	modify or replace an existing					
		or modify or replace an	one, the Market Operator shall					
		existing one, the Market	send a report to the PEM Audit					
		Operator shall send a	Committee Auditor describing –					
		report to the PEM Auditor	<u>a)</u> (a) The software to be					
		describing –	implemented (a new					
			software) or the software to					
		(a) The software to be	be modified;					
		implemented (a new	b) (b) If an existing software is					
		software) or the	going to be modified or					
		software to be	replaced, a description of -					
		modified;	<u>i. (i)</u> The reasons that justify					
			the change, including					
		(b) If an existing software	any problem or shortfall					
		is going to be	identified in the existing					
		modified or replaced,	software, if any;					
		a description of –	<u>ii.</u> (ii) Expected					
		(i) The reasons that	improvements,					
		justify the change,	particularly in relation to					
		including any	transparency, efficiency,					
		problem or						

					,	
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
11110	Cootion	original i rovicion	1 Topocoa / Amonamont	rationals		Rationale
		shortfall identified	data processing and			
		in the existing	response time; and			
		software, if any;	<u>iii (iii)</u> The scope of the			
		(ii) Expected	proposed modification			
		improvements,	or, if the existing			
		particularly in	software is going to be			
		relation to	replaced, the description			
		transparency,	of the new software and			
		efficiency, data	main differences with the			
		processing and	existing one.			
		response time;	c) (c) If a new software is going			
		(iii) The scope of the	to be implemented, a			
		proposed	description of -			
		modification or, if	<u>i. (i)</u> The reasons that			
		the existing	justify the new software,			
		software is going	particularly the expected			
		to be replaced, the	improvements in			
		description of the	efficiency, data			
		new software and	processing and response			
		main differences	time;			
		with the existing	<u>ii. (ii)</u> The description of the			
		one;	new software;			
			iii. (iii)The description of the			
		(c) If a new software is	tests performed and			
		going to be	results that prove that the			
			software has been			
		l .				

	T EM Addit Mandai						
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		implemented, a	sufficiently and				
		description of -	adequately tested in trial				
		(i) The reasons that	mode, produces accurate				
		justify the new	results and is ready for				
		software,	implementation; and				
		particularly the	<u>iv. (d)</u> Findings and details				
		expected	thereof, proving that the				
		improvements in	modified or new software will				
		efficiency, data	be in full compliance with the				
		processing and	WESM Rules.				
		response time;					
		(ii) The description					
		of the new					
		software;					
		(iii) The description					
		of the tests					
		performed and					
		results that					
		prove that the					
		software has					
		been sufficiently					
		and adequately					
		tested in trial					
		mode, produces					
		accurate results					

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		and is ready for implementation;					
		(d) Findings and details thereof, proving that the modified or new software will be in full compliance with the WESM Rules.					
NEW	NEW	N/A	5.3.4 As part of the software review, the following information shall be submitted to the PEM Audit Committee: a) list of all software that have been	This is to ensure that all software changes are reviewed			
			implemented and modified within the covered audit period; and b) documentation of all the tests performed and results that prove				
			that the software has been sufficiently and adequately tested in trial mode, produces			D 444 . (050	

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			accurate results and is			
			<u>ready</u> for			
			implementation.			
10.2 Software	10.2.2	The PEM Auditor shall	5.3.5 10.2.2 The PEM Audit	Lifted from Section 10.2.2 of		
for the WESM		review the report of the	Committee Auditor shall review	Issue 2.0 with minor edits		
		Market Operator and may	the report of the Market			
		request clarifications and	Operator and may request			
		further information. In	clarifications and further			
		particular, the PEM	information. In particular, the			
		Auditor may organize a	PEM Audit Committee Auditor			
		meeting with the relevant	may organize a meeting with the			
		staff of the Market	relevant staff of the Market			
		Operator to discuss the	Operator to discuss the			
		characteristics, any	characteristics, any limitation or			
		limitation or potential	potential problem, and other			
		problem, and other	conditions of the software that			
		conditions of the software	may impact predictability,			
		that may impact	transparency or compliance			
		predictability,	with the WESM Rules.			
		transparency or				
		compliance with the				
		WESM Rules.				
10.2 Software	10.2.3	The review of the PEM	<u>5.3.6</u> <u>10.2.3</u> The review of <u>the</u>	Lifted from Section 10.2.3 of		
for the WESM		Auditor shall encompass	software of the Marker	Issue 2.0 with minor edits.		
		testing of the software to	Operator the PEM Auditor shall	The engagement of external		
		verify accuracy of results	encompass the testing of the	experts through engagement		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		requirement and procedures established in the WESM Rules. The PEM Auditor shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Auditor may	procedures established in the WESM Rules. The PEM Audit Committee Auditor—shall request a series of test runs of the software to verify that it works properly, even in special conditions. Alternatively, the PEM Audit Committee may request the contracting of an	already been mentioned in earlier parts of this manual and thus deleted in this		Radiolidio	
10.2 Software for the WESM	10.2.4	and tests, as applicable, and based on the information gathered and, if an external expert was used, the report with the review and recommendations of the expert, the PEM Auditor shall prepare and submit to the Market Operator	expert was used, the report with	Issue 2.0 with revisions consistent with the above deleting the mention of		Dogo 446 of 252	

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakenolder Comments	Rationale
		Software Review Report.	the review and recommendation			Hationalo
		The outcome of the	shall indicate –			
		review and	a) (a) If the software is ready			
		recommendation shall	for implementation and in			
		indicate –	compliance with the			
		maicate	WESM Rules and the			
		(a) If the software is	WESM railes and the WESM objectives; or			
		ready for	b) (b) Recommendations on			
		implementation and	measures or changes			
		in compliance with	prior to implementing the			
		the WESM Rules	software, to ensure full			
		and the objectives;	compliance with the			
		or	WESM Rules and the			
		(b) Recommendations	<u>WESM</u> objectives.			
		on measures or	<u>vv LSW</u> objectives.			
		changes prior to				
		implementing the				
		software, to ensure				
		full compliance with				
		the WESM Rules				
		and its objectives.				
10.4 Software	10.4.3	Once the PEM Auditor	<u>5.3.8</u> 10.4.3 Once the PEM	Lifted from Section 10.4.3		
for the WESM	. 51 115	considers that the	Audit Committee Auditor			
Members		software is accurate and				
			software is accurate and ready			
		1	for use, the PEM <u>Audit</u>			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		submit to the Market	Committee Auditor will prepare			
		Operator a Software	and submit to the Market			
		Review Report approving	Operator a Software Review			
		the software, with copy	Report approving the software,			
		thereof furnished to the	with copy thereof furnished to			
		PEM Board. The Market	the PEM Board. For software			
		Operator shall publish the	ready for use by WESM			
		approval in the Market				
		Information Website and	Operator shall publish the			
		advertise the new	approval of the new software			
		software or the change to	or the change to the existing			
		the existing software	<u>software</u> in the Market			
		when ready for use by	InformationWebsite and			
		WESM Members.	advertise the new software or			
			the change to the existing			
			software when ready for the			
			information of use by the			
			WESM Members.			
10.3	10.3.2	In any dispute in relation	5.3.9 10.3.2 In any dispute in	Lifted from Section 10.3.2 of		
Settlement			relation to settlement			
Software		calculations, a certificate	calculations, a certificate The			
		of such auditor that the	certification issued by the of			
		settlement software is	such <u>Independent</u> <u>A</u> auditor			
		consistent with the	that the settlement software is			
		WESM Rules shall be	consistent with the WESM			
		evidence that the	Rules shall be <u>serve</u> as			

Proposed Amendments to the PEM Audit Manual

	Stakeholder Comments Stake								
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		charges or payments	evidence that the charges or			Nationale			
		1	payments shown in a settlement						
			statement have been calculated						
			by a method consistent with the						
		consistent with the	•						
		WESM Rules.	WESIVI Rules.						
11 Metering	11		5.4 11. Review of Metering						
Review	' '	Metering Review							
Review									
			Arrangements METERING REVIEW						
			REVIEW						
11.1 Metering	11.1.1	In accordance with the	5.4.1 11.1.1 In accordance with	Lifted from Section 11.1.1 of					
Review		Grid Code, the Metering	the Philippine Grid Code and	Issue 2.0 with revisions to					
		Services Providers have	the Philippine Distribution						
		the responsibility to	Code, the Metering Services	Distribution Code as basis					
		supply, install, connect,	Providers, both in the WESM						
			and the Retail Market, have						
		in service, operate,	the responsibility to supply,						
		check, and maintain the	install, connect, own, test,						
		metering system for	calibrate, place in service,						
		settlement, ensuring the	operate, check, and maintain						
		accuracy and traceability	the metering system for						
		of calibration and test	settlement, ensuring the						
		results. Additionally,	accuracy and traceability of						
		each Metering Services	calibration and test results.						
		Provider shall take all	Additionally, each Metering						
		reasonable steps to	Services Provider shall take all						

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		prevent unauthorized	reasonable steps to prevent			
		interference with the	unauthorized interference with			
		metering equipment.	the metering equipment.			
11.1 Metering	11.1.2	As established in the Grid	5.4.2 11.1.2 As established in	Lifted from Section 11 of		
Review		Code, a User shall have	both the Philippine Grid Code	Issue 2.0 with revisions to		
		the right to request an	and the Philippine	include the Philippine		
		audit of the settlement	Distribution Code , a User shall	Distribution Code as basis		
		data related to its account	have the right to request an			
		and the right to choose	audit of the settlement data			
		an independent third	related to its account and the			
		party qualified to perform	right to choose an independent			
		the audit. In such cases,	third party qualified to perform			
		the System Operator,	the audit. In such cases, the			
		Metering Services	System Operator, Metering			
		Providers and Market	Services Providers and Market			
		Operator shall cooperate	Operator shall cooperate in the			
		in the auditing process.	auditing process.			
11.2 Scope	11.2.1	The general objective of	<u>5.4.3</u> <u>11.2.1</u> The general	The metering review is		
and Objectives		the PEM Auditor	objective of the PEM Auditor	renamed Metering		
		metering review is to	metering review Review of	Arrangements Review (MAR)		
		assess the adequacy of	Metering Installations and	is renamed Review of		
		the metering standards	Arrangements is to assess the	Metering Installations and		
		and security systems and	adequacy of the metering	Arrangements to distinguish it		
		processes in the WESM.	standards and security systems	from the MAR - the Market		

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
			and processes in the WESM	Assessment Report prepared				
			and in the Retail Market.	by the MAG.				
				The audit of metering				
				arrangements in the Retail				
				Market was also included in				
				this PEM Audit Manual.				
NEW	NEW	N/A	5.4.4 The PEM Audit	The frequency of audit is in				
			Committee in consultation	accordance with WESM				
			with the Market Operator and	Rules Clause 4.5.5.4.				
			Metering Service Providers					
			(MSP) shall review the					
			security arrangements and					
			requirements of metering					
			installations periodically or					
			as often as necessary.					
11.4 Audit of	11.4.1	When the annual	5.4.5 11.4.1 When the annual	Lifted from Section 11.4.1 of				
Metering		metering arrangements	metering arrangements review					
Arrangements			includes audits, as approved by	·				
and		approved by the PEM	the PEM Board, tThe PEM					
Compliance		Board, the PEM Auditor,	Audit Committee, Auditor					
		supported by the	supported by the Technical					
		Technical Committee,	Committee, shall conduct an					
		shall conduct an audit	audit regarding the following:					
		regarding,						
				ı.				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
1100	3001.011	0.1ga. 1 100.0.0.1	oposoa / anonamoni	Transfia.5		Rationale
		(a) Compliance with	<u>a)</u> Compliance with the			
		requirements of	requirements of metering			
		metering	installations;			
		installations;	b) (b) Compliance with the			
			security arrangements			
		(b) Compliance with	associated to metering			
		security	systems and processes;			
		arrangements	and			
		associated to	<u>c)</u> (c) Adequacy of security			
		metering systems	arrangements by the			
		and processes; and	Market Operator and work			
			procedures by Metering			
		(c) Adequacy of	Services Providers.			
		security				
		arrangements by				
		the Market Operator				
		and work				
		procedures by				
		Metering Services				
		Providers.				
11.4 Audit of	11.4.2	To audit compliance, the				
Metering		PEM Auditor shall select				
Arrangements		a sample of metering		consultation of the PAC with		
and		sites, where at least thirty		the TC		
Compliance		1 -	<u>Technical Committee,</u> shall			
		shall correspond to the	select a sample of_metering			

Proposed Amendments to the PEM Audit Manual

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		metering points with	sites where at least thirty						
		largest volume within the	percent (30%) of which shall						
		_	correspond to the metering						
		_	points with largest volume within						
			the WESM, where metering						
			errors or inadequacy can create						
		WESM.	the biggest impact and volume						
			error in the WESM.						
(NEW)	(NEW)	N/A	5.5 Audit of the Central						
			Registration Body						
(NEW)	(NEW)	N/A	5.5.1 Each year, the PEM	Pursuant to WESM Rules					
			Audit Committee shall	Clause 1.4.3.1					
			conduct an audit of the						
			Central Registration Body						
			(CRB) and its systems,						
			processes and procedures						
			and other matters relevant to						
			the operation of the Central						
			Registration Body.						
			5.5.2 The general objectives	Patterned after Section 5.2.2					
			of the periodic audit of the	1					
			Central Registration Body are	the Market Operator					
			<u>to:</u>						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			a) Assess the procedures			
			and working			
			processes of the			
			Central Registration			
			Body;			
			b) Assess the usefulness			
			and appropriateness			
			of the systems, data			
			management and			
			other procedures and			
			working processes of			
			the Central			
			Registration Body to			
			administer the Retail			
			Market in order to:			
			i Identify appropriate			
			steps and measures			
			to help the Central			
			Registration Body			
			effectively and			
			efficiently perform			
			its responsibilities			
			in time and form in			
			accordance with the			
			Retail Rules and its			
			Market Manuals;			
			market manuais,			
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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			ii. Review that the			
			Central Registration			
			Body's practices			
			and work processes			
			to ensure the			
			necessary			
			transparency,			
			<u>independence,</u>			
			predictability and			
			non-discrimination,			
			and compliance			
			with the Retail Rules			
			and best			
			<u>international</u>			
			practices; and			
			iii. Assess if the			
			systems,			
			calculations,			
			information flows			
			and data			
			management			
			protect accuracy and quality of the			
			data and results			
			are non-			
			discriminatory as			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			well as evaluate if			
			<u>internal controls</u>			
			exist and are			
			<u>sufficient</u> to			
			guarantee security			
			and confidentiality			
			where appropriate.			
			c) Review compliance by			
			the Central			
			Registration Body			
			with the Retail Rules			
			and its Market			
			Manuals; and			
			d) Recommend			
			improvements in the retail market and the			
			operation of the			
			Central Registration			
			Body, where			
			necessary.			
			neoessary.			
(NEW)	(NEW)		5.5.3 The following criteria	The provision is similar to		
			shall be used to assess the	Section 5.2.3 above		
			Central Registration Body:			
			a) <u>Clear accountability</u>			
			in the performance			
			of the Central			

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			FLW Addit We	arraar		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			Registration Body's			
			functions and			
			responsibilities;			
			b) Adequacy of trained			
			staff to perform the			
			assigned tasks and			
			use the systems;			
			c) <u>Efficiency of</u>			
			processes (e.g. time			
			<u>response);</u>			
			d) <u>Accuracy of tasks</u>			
			<u>(e.g. numbers of</u>			
			errors in settlement			
			statements);			
			e) Compliance with the			
			Retail Rules and its			
			<u>Market Manuals;</u>			
			f) <u>Alignment</u> of			
			processes with the			
			Retail Rules and its			
			Market Manuals; and			
			g) Quality of the service			
			measured in terms of			
			frequency and level			
			of complaints.			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
(NEW)	(NEW)		5.5.4 In order to streamline	The provision is patterned		
			the audit process and avoid	after Section 5.2.4 above		
			unnecessary duplications,			
			where possible, the PEM			
			Audit Committee shall			
			coordinate with the Central			
			Registration Body on the			
			scope of the audit of the			
			market.			
(NEW)	(NEW)		5.5.5 The PEM Audit			
			Committee with the	after Section 5.2.5 above		
			assistance of the Central			
			Registration Body, shall			
			prepare the standard terms of			
			reference for the periodic			
			audit of the Central			
			Registration Body covering			
			the general scope described			
			in the previous paragraph.			
			The standard terms of			
			reference shall include the			
			following tasks:			
			a) Review of the systems,			
			processes and			
			procedures of the Central			
			Registration Body and			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			other matters relevant to the operation of the Central Registration Body and the performance of its functions as set out in the Retail Rules. b) Test and check any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM Members. c) Review of the calculations and allocations performed to determine energy for the settlement calculations in each trading point and for each Trading Participant; d) Review and assessment of the processes for			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
			software management and data protection; and e) Review of the Central Registration Body's compliance with the WESM Rules, Retail Rules and relevant Market Manuals and as necessary, recommendations for enhancements in processes to achieve best international practices.			
(NEW)	(NEW)		5.6 Audit as Requested by the Enforcement and Compliance Office			
12 Compliance With WESM Rules	12.1.2	functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, the ECO may request the PEM Auditor	5.6.1 12.1.2 In performing the ECO's functions in assessing or investigating an alleged breach pursuant to the Compliance and Enforcement Market Manual, If requested by the ECO or the	and 12.1.2 of Issue 2.0 with		

WESM Member, the System Operator or the Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or	
Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO	
relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO or the Market Operator in relation to compliance with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
with specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO specific rules or standards or procedures in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
in relation to generation scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
scheduling, dispatch, bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
bidding, prices and settlement, as established by the WESM Rules. The ECO shall inform the party or parties	
settlement, as settlement, as established by established by the WESM Rules. The ECO west. The ECO shall inform the party or parties	
established by the the WESM Rules. The ECO WESM Rules. The ECO shall inform the party or parties	
WESM Rules. The ECO shall inform the party or parties	
shall inform the party or to be audited in alleged breach	
parties in alleged breach on the conduct of an audit	
the matters that have and the specific type of audit	
been derived to the PEM to be conducted, the	
Auditor for assessment or facilities, processes,	
audit. <u>systems or information to be</u>	
<u>audited.</u> the matters that have	
been derived to the PEM	
Auditor for assessment or audit.	
5.1 Types of 5.1.2 If requested by the ECO 5.6.2 5.1. 2 If requested by the Section 5.1.2 of Issue 2.0	
Audit in the course of an ECO in the course of an with revisions was transferred	
assessment or assessment or investigation of this section, with revisions.	
investigation of an an alleged breach, t T he PEM	
alleged breach, the PEM	

			F LIW Addit I		Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Rationale
		Auditor may conduct	Auditor Audit Committee may			
		specific audits of:	conduct specific audits of:			
		(a) WESM Members'	<u>a)(a)</u> WESM Members'			
		facilities, processes	facilities, processes			
		and/or information	and/or information			
		provided to the	provided to the Market			
		Market Operator; or	Operator <u>/ Central</u>			
			Registration Body; or			
		(b) Specific systems				
		and processes in	processes <u>of</u> in the			
		the System	System			
		Operator; or	Operator <u>/Central</u>			
		() 2 10	Registration Body; or			
		(c) Specific systems				
		and processes in	processes of in the			
		the Market	Market Operator/			
		Operator in relation	Central Registration			
		to generation	Body in relation to			
		scheduling,	generation scheduling,			
		constraints, bids	constraints, bids and			
		and offers, dispatch, price	offers, dispatch, price calculation and			
		dispatch, price calculation and	settlement.			
		settlement.	Settierrierit.			
		Settlement.				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		The ECO will inform the				Rationale
		party to be audited via				
		' '				
		email that the PEM				
		Auditor will be conducting				
		an audit and the specific				
		type of audit, facilities,				
		processes, systems or				
		information to be audited.				
12 Compliance	12.1.3	When the investigation of		Lifted from Section 12.1.3 of		
With WESM		an alleged breach has	1	Issue 2.0 with revisions		
Rules		been referred to the				
		MSC, the MSC may	MSC, the MSC may			
		recommend an audit by	recommend an audit by the			
		the PEM Auditor. In such	PEM Auditor. In such case,			
		case, the ECO shall	tThe ECO shall request and			
		request and coordinate	coordinate with the PEM Audit			
		with the PEM Auditor the	<u>Committee</u> Auditor <u>on</u> the			
		required audit, as	required audit, as established in			
		established in the	the previous paragraph.			
		previous paragraph.				
12 Compliance	12.1.4	Under confidentiality	<u>5.6.4</u> <u>12.1.</u> 4 Under	Lifted from Section 12.1.4 of		
With WESM		obligation, the ECO shall	confidentiality obligation, the	Issue 2.0 with minor revisions		
Rules		provide the PEM Auditor	ECO shall provide the PEM			
		all the required	Audit Committee Auditor all			
		information and data to	the required information and			
		assess the alleged	data to assess the alleged			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		breach or to identify the	breach or to identify the details			
		details to be audited.	to be audited.			
12 Compliance	12.1.5	The party in alleged	<u>5.6.5</u> <u>12.1.5</u> The party in	Lifted from Section 12.1.5 of		
With WESM		breach has the obligation	alleged breach has the	Issue 2.0 with minor revisions		
Rules		to cooperate with the	obligation to cooperate with the			
		PEM Auditor in the	PEM Audit Committee Auditor			
		assessment or audit	in the assessment or audit			
		process, providing all the	process, providing all the			
		relevant data and other	relevant data and other			
		information requested by	information requested by the			
		the PEM Auditor and	PEM Audit Committee Auditor			
		allowing the necessary	and allowing the necessary			
		tests and audits.	tests and audits.			
12 Compliance	12.1.3	In case the party objects	5.6.6 12.1.6 In case the party	Lifted from Section 12.1.6 of		
With WESM		to submitting the data or	being audited objects to	Issue 2.0 with minor revisions		
Rules		information requested by	submitting the data or			
		the PEM Auditor, the	information requested by the			
		PEM Auditor shall	PEM Audit Committee, Auditor			
		request the MSC to	the PEM Audit Committee			
		request such data and	Auditor_shall ask_request the			
		information, and the MSC	MSC to request such data and			
		•	information, and the MSC then			
		PEM Auditor within the	shall <u>then</u> provide it to the PEM			
		established	<u>Audit Committee</u> Auditor			
		confidentiality provisions.	within the established			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		. ,	confidentiality provisions. If the			
		-	party does not provide the data			
		-	and information requested by to			
		·	the MSC, it shall be considered			
			a breach <u>of</u> to—the WESM			
		the WESM Rules.	Rules.			
12 Compliance	12.1.3	In all cases, the party is	5.6.7 12.1.7 In all cases, the	Lifted from Section 12.1.7 of		
With WESM		obliged to allow and	party is obliged to allow and	Issue 2.0 with minor revisions		
Rules			facilitate the tests and audits			
		audits requested by the	requested by the PEM Audit			
			<u>Committee</u> <u>Auditor</u> , provided			
			that the PEM Audit Committee			
		_	Auditor shall give an advance			
		notice of not less than	notice of not less than <u>fifteen</u>			
		•	(15) five (5) business days for			
			any test or audit required,			
			including a description of the			
		the scope and details of	scope and details of the test and			
			audit. Not allowing the test or			
		allowing the test or audits	audits requested by the PEM			
		requested by the PEM	Audit Committee Auditor shall			
			be considered a breach.			
		considered a breach.				
			5.1.2 If requested by the _ECO	-		
		ECO in the course of an	in the course of an assessment	included under Section 5.6.2		
		assessment or	or investigation of an alleged			

Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
	investigation of an	breach, the PEM Auditor may			
	alleged breach, the PEM	conduct specific audits of:			
	Auditor may conduct	(a) WESM Members' facilities,			
	specific audits of:	processes and/or information			
	(a) WESM Members'	provided to the Market			
	facilities,	Operator; or			
	processes and/or	(b) Specific systems and			
	information	processes in the System			
	provided to the	Operator; or			
	Market Operator;	(c)Specific systems and			
	or	processes in the Market			
	(b) Specific systems	Operator in relation to			
	and processes in	generation scheduling,			
	the System	constraints, bids and offers,			
	Operator; or	dispatch, price calculation			
	(c) Specific systems	and settlement.			
	and processes in	The ECO will inform the party to			
	the Market	be audited via email that the			
	Operator in	PEM Auditor will be conducting			
	relation to	an audit and the specific type of			
	generation	audit, facilities, processes,			
	scheduling,	systems or information to be			
	constraints, bids	audited.			
	and offers,				
	dispatch, price				
	Section	investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator in relation to generation scheduling, constraints, bids and offers,	investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator; or (c) Specific systems and processes in the Market Operator; or (c) Specific systems and processes in the Market Operator in relation to generation to generation scheduling, constraints, bids and offers, systems or information to be audited.	investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator in relation to generation scheduling, constraints, bids and offers, or systems or information to generation scheduling, constraints, bids and offers, or systems or information to be audited.	investigation of an alleged breach, the PEM Auditor may conduct specific audits of: (a) WESM Members' facilities, processes and/or information provided to the Market Operator; or (b) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the System Operator; or (c) Specific systems and processes in the Market Operator; or (d) Specific systems and processes in the Market Operator; or (e) Specific systems and processes in the Market Operator in relation to generation scheduling, constraints, bids and offers, and offers, or offers, and offers, or

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		calculation and				
		settlement.				
		The ECO will inform the				
		party to be audited via				
		email that the PEM				
		Auditor will be conducting				
		an audit and the specific				
		type of audit, facilities,				
		processes, systems or				
		information to be audited.				
		5.1.3 On technical	5.1.3 On technical matters	Deleted, This provision was		
		matters related to the	related to the WESM Rules, the	already included under		
		WESM Rules, the PEM	PEM Auditor shall use,	Section 4.1.2		
		Auditor shall use,	whenever possible and			
		whenever possible and	adequate, members of the			
		adequate, members of	Technical Committee as			
		the Technical Committee	auditors.			
		as auditors.				
		5.2 Audit Process	5.8 5.2 Audit Process	Lifted from Section 5.2.1 with		
		5.2.1 The PEM Auditor	5.8.1 5.2.1 The PEM Auditor	revisions		
		shall comply with the	Audit Committee shall			
		following steps when	comply with the following			
		commencing and	steps when commencing			
		conducting an audit:	and conducting an audit:			
			(a) The PEM Auditor			
			shall will inform the party			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder	
						Rationale	
		(a) The PEM Auditor will	to be audited at least				
		inform the party to be	fifteen (15) five (5)				
		audited at least five	business days ahead of				
		(5) business days	the proposed date <u>of</u> the				
		ahead of the	audit. to initiate the audit.				
		proposed date to	In this notification, the				
		initiate the audit. In	PEM Auditor will describe				
		this notification, the	the following				
		PEM Auditor will	information will also be				
		describe;	included:				
		(i) The criteria,	<u>a)</u> . (i) The criteria,				
		standard, rules or	standard <u>s</u> , rules or				
		requirements the	requirements that the				
		PEM Auditor will	PEM Auditor will be				
		assess during the	assess <u>ed</u> during the				
		audit;	audit;				
		(ii) The length of time	b) (ii)The length of time				
		that the PEM	that the PEM Audit				
		Auditor	Committee Auditor				
		reasonably	reasonably believes				
		believes will be	will be required for the				
		required for the	audit;				
		audit;	<u>c)</u> (iii) The information				
		(iii) The information	and data required,				
		and data required,	together with the format				
		together with the	and deadlines for <u>its</u>				
	<u> </u>	10901.101 11111 1110	and deddinied for <u>Ite</u>				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		format and deadlines for providing it to the PEM Auditor. (b) As necessary, the PEM Auditor may designate a field auditor, from the Technical Committee or an external expert auditor(s) in accordance with this Manual. In such case, the PEM Auditor will inform the name of the designated auditor(s) to the party to be audited.	submission; and providing it to the PEM Auditor (b) iv-The names of the auditors who shall be conducting the audit . As necessary, the PEM Auditor may designate a field auditor, from the Technical Committee or an external expert auditor(s) in accordance with this Manual. In such case, the PEM Auditor will inform the name of the designated auditor(s) to the party to be audited.			
		5.3 Audit Results	5.3 Audit Results			
		5.3.1 The PEM Auditor or the designated			5.3.1	

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
			•			Rationale
		` '	the its designated Independent			
		shall carry out the tests,	l 			
		collection of data and	tests, collection of data and			
		other information, review	other information, review of			
		of documents, processes	documents, processes and			
		and other adequate	other adequate arrangements to			
		arrangements to assess	assess and verify the standards,			
		and verify the standards,	requirements and compliance			
		requirements and	with the WESM Rules, Retail			
		compliance with the	Rules and its Market Manuals			
		WESM Rules, as	as applicable.			
		applicable.				
6.1 Field	6.1.1	The PEM Auditor may	5.8.3 6.1.1 The PEM Auditor	Lifted from Section 6.1.1 of		
Auditors		assign staff from the	may assign staff from the	Issue 2 as revised		
		Technical Committee or	Technical Committee or			
		independent experts,	independent experts, with			
		with extensive	extensive background on			
		background on the	matters to be audited for As			
		matters to be audited, for	necessary, field audits of			
			facilities or systems shall be			
		systems. In addition to				
		technical tests and	-			
		verifications, the field	technical tests and			
		audit may include review				
		of working processes and	1			
	1	1 2:				

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		compliance of such	compliance of such			
		processes by the relevant	processes by relevant staff.			
		staff.				
6.2 Field Audit	6.2.1	The field audit process	5.8.4 6.2.1 The field audit shall	Lifted from Section 6.2.1 of		
Methodology		shall comply with the	comply with the following steps:	Issue 2 as revised		
		following steps:	a) (a) The field auditor shall be			
			advised by tThe PEM Audit			
		(a) The field auditor	Committee shall advise the			
		shall be advised by	auditor of the facilities to be			
		the PEM Auditor of	audited, the scope of the			
		the sites and	audit, the details of the tests			
		facilities to be	to be conducted and			
		audited, the scope	results to be obtained;			
		of the audit, details	b) (b) The PEM Audit			
		of the tests and	Committee shall inform the			
		results to be	party to be audited (the one			
		obtained.	who is responsible for the			
			facilities to be audited)			
		(b) The party to be	shall be informed of the audit			
		audited (the one	and the name of the field			
		who is responsible	auditor by the PEM Auditor at			
		for the facilities to	least fifteen (15) five (5) days			
		be audited) shall be	prior to the <u>schedule</u>			
		informed of the	initiation of the audit;			
		audit and the name	c) (c) The field auditor shall			
		of the field auditor	contact the party to be			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		by the PEM Auditor	audited and inform both the			Nationale
		at least five (5)	party to be audited and the			
		business days prior	PEM Audit Committee			
		to the initiation of	Auditor of the proposed			
		the audit.	timetable and work planThe			
			party to be audited may			
		(c) The field auditor	request changes to the			
		shall contact the	timetable for valid reasons,			
		party to be audited	but in no case cause a delay			
		and inform both the	greater than five (5) business			
		party to be audited	days to the audit. <u>:</u>			
		and the PEM	(d) The field auditor and the			
		Auditor of the	party to be audited shall meet			
		proposed timetable	in an office to review			
		and work plan. The	drawing, data sheets and			
		party to be audited	any security or safety issues.			
		may request	<u>d) (e) The field</u> auditor shall visit			
		changes to the	the site and perform the			
		timetable for valid	planned tests on facilities and			
		reasons, but in no	or collect the required data.			
		case cause a delay	Staff of the party may be			
		greater than five (5)	audited;			
		business days to	e) (f) The field auditor may ask			
		the audit.	the PEM Audit Committee			
			Auditor to request data and			
			other information from the			

			PEW Audit	Wanuai		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		 (d) The field auditor and the party to be audited shall meet in an office to review drawings, data sheets and any security or safety issues. (e) The field auditor shall visit the site and perform the planned tests on facilities and/or collect the required data. Staff of the party audited may be present. 	System Operator and the Market Operator as applicable, to compare the data obtained in the tests or audits from the data submitted to the System Operator or the Market Operator by the party audited; f) (g) The field auditor shall conduct and end of audit meeting with the party audited to explain the first preliminary findings; and g) (h) The field auditor shall submit is report to the PEM Audit Committee Auditor.			
		(f) The field auditor may ask for the PEM Auditor to request data and other information from the System Operator and the				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		Market Operator,							
		as applicable, to							
		compare the data							
		obtained in the							
		tests or audits from							
		the data submitted							
		to the System							
		Operator or the							
		Market Operator by							
		the party audited.							
		(g) The field auditor							
		shall conduct an							
		end of audit							
		meeting with the							
		party audited, to							
		explain the first							
		preliminary audit							
		findings.							
		(h) The field auditor							
		shall submit its							
		report to the PEM							
		Auditor.							

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
(NEW)	(NEW)		5.8.5 The PEM Audit Committee shall review the report and recommendations submitted by the Independent Auditor, and send the same to the Auditees for comment.			
(NEW)	(NEW)		5.8.6 The Auditees shall review the draft final report, and provide comments or request clarifications, as necessary. The PEM Audit Committee shall review the comments and observations received from the Auditees and facilitate revisions on the draft final report, as applicable.			
5.3 Audit Results	5.3	Audit Results	5.9 5.3 Audit Results			
5.3 Audit Results	5.3.2		Audit Committee or the its			

		I				
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
	333					Rationale
		results, identifying and	audit results, identifying and			
		describing the following:	describing the following:			
		(a) Main findings;	a) (a) Main findings;			
		(b) Conditions that	b) (b) Conditions that			
		correspond to non	correspond to non <u>-</u>			
		compliance: For	compliance <u>.</u> For each			
		each condition in	condition in non			
		non compliance, it	compliance, it shall			
		shall differentiate	differentiate the level of			
		the level of non-	non-compliance as			
		compliance as	follows:			
		follows:	(i) Critical non-			
		(i) Critical non-	compliance: A non-			
		compliance: A	compliance which			
		non-compliance	results in failure to			
		which results in	provide services or			
		failure to provide	results in time, or to			
		services or	calculate information			
		results in time, or	in accordance to the			
		to calculate	WESM Rules, or to			
		information in	provide data in the			
		accordance to	format and/or to the			
		the WESM	accuracy required,			
		Rules, or to	and which results in a			
		provide data in	breach.			
		the format and/or				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		to the accuracy	(ii) Major non-			
		required, and	compliance: An			
		which results in a	occurrence, practice			
		breach.	or deficiency in a			
		(ii) Major non-	system or process,			
		compliance: An	which has the			
		occurrence,	potential to escalate to			
		practice or	a level at which it			
		deficiency in a	would become a			
		system or	critical non-			
		process, which	compliance.			
		has the potential	(iii) Incidental non-			
		to escalate to a	compliance: A			
		level at which it	condition or situation			
		would become a	that does not qualify			
		critical non-	as critical or major,			
		compliance.	and which typically is			
		(iii) Incidental non-	associated with a lack			
		compliance: A	of attention to detail,			
		condition or	or lack of adequate			
		situation that	staff training that			
		does not qualify	leads to unnecessary			
		as critical or	mistakes.			
		major, and which	c) (c) Practices or			
		typically is	processes or systems			
		associated with	that should be enhanced,			
			triat sribuid be eririanced,			David 477 v (050

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		a lack of attention to detail, or lack of adequate staff	describing the recommended enhancements; and				
		training that leads to unnecessary mistakes.	d) Recommendations for rules change if necessary; and				
		(c) Practices or processes or systems that should be enhanced, describing the recommended enhancements; and	e) (d) Other recommendations to solve or address problems or noncompliance, or other issues such as quality control, best practices and staff adequacy.				
		(d) Other recommendations to solve or address problems or noncompliance, or other issues such as quality					
		control, best practices and staff adequacy.					

Proposed Amendments to the PEM Audit Manual

S.3. At the end of an audit, any designated auditor shall send its Audit Report to the PEM Auditor. If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditors shall send to the entity that requested the audit findings, recommendation and proposed actions including the period elevation where audit in findings, recommendations and proposed actions including the period elevation where audit is auditors. Including the period elevation with the audit the Audit Report with that requested the audit in findings, recommendation and proposed actions including the period	Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
auditor shall send its Audit Report to the PEM Auditor. If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions deliverables and Aat the end of an audit, any-designated and audit, shall—send its Audit Report suditor shall send its Audit Committee for review and acceptance. If the auditor, the PEM Auditor, the PEM Auditor, the PEM Auditor shall prepare a consolidated Audit Report when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send its Audit Committee onosolidated Audit findings, recommendation and proposed actions. including the	5.3 Audit	5.3.3	5.3.3 At the end of an	5.9.2 5.3.3 The <i>Independent</i>			
Audit Report to the PEM Auditor. If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions. including the recommendations and proposed actions.	Results		audit, any designated	Auditor shall submit all			
Auditor. If the audit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall prepare applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions. includings to the Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions.			auditor shall send its	deliverables and Aat the end of			
involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit findings, recommendation and proposed actions involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions including the			Audit Report to the PEM	an audit, any designated			
auditor, the PEM Auditor shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions including the Audit requested the audit findings, recommendation and proposed actions including the Audit requested the audit findings, recommendation and proposed actions including the Audit recommendations. If the audit involves more than one auditor, the headit repeated acceptance. If the auditor, the headit involves more than one auditor, the PEM Auditor shall prepare a consolidated Audit Report with its combined findings and recommendations and proposed actions. Including the audit involves more than one auditor, the pead the pead acceptance. If the audit repeated involves more than one auditor, the pead the pead to ensemble audits. Report summarizing the combined sinchler propers a consolidated Audit Report with its combined acceptance. If the auditor shall prepare a consolidated Audit Report with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, as applicable, the PEM Auditor Shall send to the entity that requested the audit findings, recommendation and proposed actions including the			Auditor. If the audit	auditor shall—send its Audit			
shall prepare a consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions including the consolidated. In and acceptance, If the audit involves more than one auditor; the PEM Auditor, shall prepare a consolidated Audit Report shall send to the entity that requested the audit findings, recommendation and proposed actions including the			involves more than one	Report to the PEM Auditor			
consolidated Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.9.3 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report summarizing the combined findings and recommendations, when applicable. 5.9.3 5.3.4 At the end of the audit, as applicable, the PEM Audit Committee Auditor-shall send to the entity that requested the audit findings, recommendation and proposed actions including the			auditor, the PEM Auditor	Audit Committee for review			
Report summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions including the combined findings, eon-solidated Audit Report shall send to the entity that requested the audit findings, recommendation and proposed actions including the combined semiconsolidated Audit Report summarizing the combined findings, the PEM Auditor shall send to the entity that requested the audit findings, recommendation and proposed actions including the			shall prepare a	and acceptance. If the audit			
combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions ensemble. consolidated Audit Report summarizing the combined findings recommendations of the audit recommendations of the audit recommendations of the audit recommendations, when applicable. 5.3.4 At the end of the audit audit the Audit Report with the audit findings, recommendation and proposed actions including the			consolidated Audit	involves more than one auditor,			
recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions summarizing the combined findings and recommendations of the auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions. including the			Report summarizing the	the PEM Auditor shall prepare a			
auditors together with its own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions including the second proposed actions. Including the second proposed actions including the second proposed actions including the second proposed actions. Including the second proposed actions and proposed actions.			combined findings and	consolidated Audit Report			
own views and recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions of the auditors together with its ewn views and recommendations, when applicable. 5.3.4 At the end of the audit, as applicable, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions. including the			recommendations of the	summarizing the combined			
recommendations, when applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions of the applicable. 5.3.4 At the end of the audit, as applicable, the PEM Auditor shall send to the entity that requested the audit the Audit Report, with the audit findings, recommendation and proposed actions including the			auditors together with its	findings and recommendations			
applicable. 5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions 5.9.3-5.3.4 At the end of the audit, as applicable, the PEM Auditor-shall send to the entity that requested the audit findings, recommendation and proposed actions. including the			own views and	of the auditors together with its			
5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions of the audit the Audit Report with the audit findings, recommendations and proposed actions.			recommendations, when				
5.3.4 At the end of the audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions of the audit fine fine fine fine fine fine fine fine			applicable.	,			
audit, the PEM Auditor shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions audit, as applicable, the PEM Auditor Shall send to the entity that requested the audit the Audit Report, with the audit findings, recommendations and proposed actions. including the				applicable.			
shall send to the entity that requested the audit the Audit Report with the audit findings, recommendation and proposed actions and that requested the audit findings, recommendations and proposed actions. Audit Committee Auditor-shall send to the entity that requested the audit findings, the audit findings, and proposed actions. including the			5.3.4 At the end of the	5.9.3 5.3.4 At the end of the			
that requested the audit the Audit Report with the audit the Audit Report, with the audit findings, recommendation and proposed actions send to the entity that requested the audit Report, with the audit findings, and proposed actions. including the			audit, the PEM Auditor	audit, as applicable , the PEM			
the Audit Report with the audit the Audit Report, with audit findings, recommendation and proposed actions proposed actions. including the			shall send to the entity	Audit Committee Auditor shall			
audit findings, recommendation and proposed actions proposed actions. including the			that requested the audit	send to the entity that requested			
recommendation and recommendations and proposed actions proposed actions. including the			the Audit Report with the	the audit the Audit Report, with			
proposed actions proposed actions. including the			audit findings,	the audit findings,			
			recommendation and	recommendations and			
including the period period within which the entity			proposed actions	proposed actions. including the			
			including the period	period within which the entity			

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		comply with the Audit Report. The PEM Auditor	will comply with the Audit Report. The PEM Audit Committee Auditor shall also send copy of the report to the			rationale
		the report to the party audited.	party audited.			
5.4 Audit Cost	5.4.1	Operator shall pay the cost of the periodic market audits and				
5.4 Audit Cost	5.4.2	special audit shall be paid by the party that requested the audit, unless the audit was requested to verify compliance and the audit findings show non-	to verify compliance and the audit findings show non-compliance, in which case the party or parties in non-compliance shall pay the cost of			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
Field Audits	6	6.1 Field Auditors	6.1 Field Auditors	Proposed to be deleted – field		
				audits have been included in		
				the Section on Audit Process		
Field Audits	6.1.1	6.1.1 The PEM Auditor	6.1.1 The PEM Auditor may	Proposed to be deleted – field		
		may assign staff from the	assign staff from the Technical	audits have been included		
		Technical Committee or	Committee or independent	under 5.8.3		
		independent experts,	experts, with extensive			
		with extensive	background on the matters to be			
		background on the	audited, for field audits of			
		matters to be audited, for	facilities or systems. In addition			
		field audits of facilities or	to technical tests and			
		systems. In addition to	verifications, the field audit may			
		technical tests and	include review of working			
		verifications, the field	processes and compliance of			
		audit may include review	such processes by the relevant			
		of working processes and	staff.			
		compliance of such				
		processes by the relevant				
		staff.				
Field Audits	6.1.2	6.1.2 Each designated	6.1.2 Each designated field	Proposed to be deleted – field		
		field auditor shall prepare	auditor shall prepare and send	audits are covered in the		
		and send to the PEM	to the PEM Auditor a formal	portion on Audit Process		
		Auditor a formal audit	audit report.			
		report.	-			
Field Audits	6.1.3	6.1.3 To help facilitate a	6.1.3 To help facilitate a	Proposed to be deleted		
		consistent approach to	consistent approach to reporting			

	T					
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
						Rationale
		reporting by different field	l -			
		auditors and between	· · · · · · · · · · · · · · · · · · ·			
		different audit cycles, the	the PEM Auditor shall prepare a			
		PEM Auditor shall	standard format for reporting by			
		prepare a standard	field auditors on specific audits.			
		format for reporting by				
		field auditors on specific				
		audits.				
Field Audits	6.1.4	6.1.4 The PEM Auditor	6.1.4 The PEM Auditor shall	Proposed to be deleted -		
		shall prepare a	prepare a consolidated Field	already included under		
		consolidated Field Audit	Audit Report and submit it to the	Section 5.8.4		
		Report and submit it to	PEM Board, with an Executive			
		the PEM Board, with an	Summary summarizing the			
		Executive Summary	main outcomes and findings of			
		summarizing the main	the different field audits, the			
		outcomes and findings of	level and statistics of non-			
		the different field audits,	compliance, and the			
		the level and statistics of	recommendations.			
		non-compliance, and the				
		recommendations.				
		6.2 Field Audit	6.2 Field Audit Methodology	Proposed to be deleted – field		
		Methodology		audits are part of section on		
				Audit process , Section 5.8		
		6.2.1 The field audit	6.2.1 The field audit process	Proposed to be deleted – field		
		process shall comply with	shall comply with the following	audits are covered the		
		the following steps:	steps:			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		(a) The field audito	(a) The field auditor shall be	Section on Audit Process -				
		shall be advised by	advised by the PEM Auditor	Section 5.8.4				
		the PEM Auditor of	of the sites and facilities to					
		the sites and	be audited, the scope of the					
		facilities to be	audit, details of the tests					
		audited, the scope	and results to be obtained.					
		of the audit, details	(b) The party to be audited (the					
		of the tests and	one who is responsible for					
		results to be	the facilities to be audited)					
		obtained.	shall be informed of the					
		(b) The party to be	audit and the name of the					
		audited (the one	field auditor by the PEM					
		who is responsible	Auditor at least five (5)					
		for the facilities to	business days prior to the					
		be audited) shall be	initiation of the audit.					
		informed of the	(c) The field auditor shall					
		audit and the name	contact the party to be					
		of the field audito	audited and inform both the					
		by the PEM Audito	party to be audited and the					
		at least five (5)	PEM Auditor of the					
		business days prior	proposed timetable and					
		to the initiation of	work plan. The party to be					
		the audit.	audited may request					
		(c) The field audito	changes to the timetable for					
		shall contact the	valid reasons, but in no					
		party to be audited	case cause a delay greater					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and inform both th	than five (5) business days			
		party to be audite	d to the audit.			
		and the PEI	(d) The field auditor and the			
		Auditor of th	e party to be audited shall			
		proposed timetabl	meet in an office to review			
		and work plan. Th	e drawings, data sheets and			
		party to be audite	d any security or safety			
		may reques	t issues.			
		changes to th	e			
		timetable for vali	d (e) The field auditor shall visit			
		reasons, but in n	the site and perform the			
		case cause a dela	y planned tests on facilities			
		greater than five (5) and/or collect the required			
		business days t	data. Staff of the party			
		the audit.	audited may be present.			
		(d) The field audito	r			
		and the party to b	e (f) The field auditor may ask			
		audited shall mee	t for the PEM Auditor to			
		in an office t	request data and other			
		review drawings	, information from the			
		data sheets an	System Operator and the			
		any security o	r Market Operator, as			
		safety issues.	applicable, to compare the			
			data obtained in the tests or			
		(e) The field audito	r audits from the data			
		shall visit the sit	submitted to the System			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
			Operator by the party audited. (g) The field auditor shall conduct an end of audit meeting with the party audited, to explain the first preliminary audit findings. (h) The field auditor shall submit its report to the PEM Auditor.				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(g) The field auditor				
		shall conduct an				
		end of audit meeting with the				
		party audited, to				
		explain the first				
		preliminary audit				
		findings.				
		(h) The field auditor				
		shall submit its report to the PEM Auditor.				
Market Audit	7	Market Audit	Market Audit			
Market Addit	•	Warket Addit	Warket Addit			
			7.1 General Characteristics			
		Characteristics				
		·	7.1.1 Audits of the spot market			
			and the Market Operator shall			
			be conducted or supervised and	l -		
			coordinated by the PEM	already included in Section 5.1.1		
		and coordinated by the PEM Auditor.	Auditor:	5.1.1		
			7.1.2 Each spot market and	Transferred to 5.1.2		
		•	Market Operator audit should	1.13.13.131134 13 3.1.12		
		audit should include the	•			
		following:	.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder		
11110	00000011	Grigman review	1 Toposod / anonamont	radionalo		Rationale		
		(a) Terms of reference	(a) Terms of reference with a list					
		with a list of tasks,	of tasks, covering the					
		covering the	processes, information and					
		processes,	systems to be audited;					
		information and						
		systems to be	(b) An audit process within a					
		audited;	specified timeframe;					
			(c) An audit report, describing					
		(b) An audit process	(i) The audit process;					
		within a specified	(ii) Main findings, highlighting					
		timeframe;	areas where there are					
		(c) An audit report,	non-compliance with the					
		describing	WESM Rules; and					
		(i) The audit process;	(iii) Conclusions and					
		(ii) Main findings,	recommendations.					
		highlighting areas						
		where there are						
		non-compliance						
		with the WESM						
		Rules; and						
		(iii) Conclusions and						
		recommendations.						
		7.1.3 The following	7.1.3 The following criteria	Transferred to Section 5.2.3				
		criteria shall be used to	shall be used to assess the spot	with revisions				
		assess the spot market	market and the Market					
		and the Market Operator:	Operator:					

				1		0.1.1.1.1
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
		<u> </u>	·			Rationale
		(a) Clear accountability				
		for performance of	performance of Market			
		Market Operator	Operator functions and			
		functions and	responsibilities;			
		responsibilities;	(b) Adequacy - in terms of			
		(b) Adequacy - in terms	number and training of			
		of number and	staff - to perform assigned			
		training of staff - to	tasks and systems used;			
		perform assigned	(c) Efficiency of processes			
		tasks and systems	(e.g. time response);			
		used;	(d) Accuracy of tasks (e.g.			
		(c) Efficiency of	numbers of errors in			
		processes (e.g. time	settlement statements);			
		response);	(e) Compliance with the			
		(d) Accuracy of tasks	WESM Rules;			
		(e.g. numbers of	(f) Degree to which			
		errors in settlement				
		statements);	alignment with the WESM			
		(e) Compliance with the	Rules and its Market			
		WESM Rules;	Manuals; and			
		(f) Degree to which	·			
		processes are in				
		•	measured in frequency and			
		WESM Rules and its	·			
		Market Manuals; and	•			

ANNEX C

Proposed Amendments to the PEM Audit Manual

			I LIVI Addit	- manual		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(g) Quality of the				
		service measured in				
		frequency and level of				
		complaints and disputes.				
		7.1.4 In order to	7.1.4 In order to streamline the	Transferred to Section 5.2.4		
		streamline the audit	audit process and avoid	with revisions		
		process and avoid	unnecessary duplications,			
		unnecessary	where possible -			
		duplications, where	(a) The PEM Auditor and the			
		possible –	Market Operator shall			
		(a) The PEM Auditor	agree an annual audit of			
		and the Market	the spot market; and			
		Operator shall agree				
		an annual audit of	•			
		the spot market; and	and the annual Market Operator			
			audit shall be conducted			
		(b) The spot market	together under the supervision			
		audit and the annual	and responsibility of the PEM			
		Market Operator audit	Auditor.			
		shall be conducted				
		together under the				
		supervision and				
		responsibility of the PEM				
		Auditor.				

ANNEX C

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		7.2 Annual Audit of the	7.2 Annual Audit of the Spot	Transferred to Section 5.2.2				
		Spot Market and the	Market and the Market Operator					
		Market Operator	·					
		7.2.1 Each year and not	7.2.1 Each year and not later	Transferred to Section 5.2.1				
		later than the end of	than the end of October, the	with revisions				
		October, the PEM Auditor	PEM Auditor shall conduct an					
		shall conduct an audit of	audit of the spot market,					
		the spot market, including	including settlement of the					
		settlement of the markets	markets administered by the					
		administered by the	Market Operator, generation					
		Market Operator,	scheduling, dispatch, price					
		generation scheduling,	calculation, and any procedures					
		dispatch, price	and working processes used by					
		calculation, and any	the Market Operator in					
		procedures and working	performing those functions in					
		processes used by the	the WESM.					
		Market Operator in						
		performing those						
		functions in the WESM.						
		7.2.2 The general	7.2.2 The general objectives of	Transferred to Section 5.2.2				
		objectives of the annual	the annual audit of the spot	with revisions				
		audit of the spot market	market and the Market Operator					
		and the Market Operator	are to:					
		are to:						

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Title	Section	Original Provision Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		(a) Assess procedures (a) Assess procedures and					
		and working working processes in the					
		processes in the Market Operator;					
		Market Operator; (b) Assess the usefulness and					
		(b) Assess the appropriateness of systems					
		usefulness and settlement system, data					
		appropriateness of management and other					
		systems settlement procedures and working					
		system, data processes used by the					
		management and Market Operator to					
		other procedures administer the WESM, in					
		and working order to:					
		processes used by (i) Identify appropriate steps					
		the Market and measures to help the					
		Operator to Market Operator					
		administer the effectively and efficiently					
		WESM, in order to: perform its					
		(i) Identify responsibilities in time					
		appropriate and form in accordance					
		steps and with the WESM Rules;					
		measures to (ii) Review that the Market					
		help the Market Operator practices and					
		Operator work processes ensure					
		effectively and the necessary					
		efficiently transparency,					
		perform its independence,					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		responsibilities	predictability and non-				
		in time and form	discrimination, and are in				
		in accordance	compliance with the				
		with the WESM	WESM Rules and best				
		Rules;	international practices;				
		(ii) Review that the	and				
		Market Operator	(iii) Assess if the systems,				
		practices and	calculations, information				
		work processes	flows and data				
		ensure the	management protect				
		necessary	accuracy and quality of				
		transparency,	the data and results in				
		independence,	generation scheduling,				
		predictability and	dispatch, prices and				
		non-	settlement, as well as if				
		discrimination,	internal controls exist				
		and are in	and are sufficient to				
		compliance with	guarantee security and				
		the WESM Rules	confidentiality where				
		and best	appropriate, proposing				
		international	recommendations to				
		practices; and	improve the procedures				
		(iii) Assess if the	to collect and process				
		systems,	the information and the				
		calculations,	controls of quality and				
		information flows					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and data	security of data in the			
		management	WESM.			
		protect accuracy	(c) Assess the usefulness and			
		and quality of the	appropriateness of the			
		data and results in	interfaces and exchange of			
		generation	information between the			
		scheduling,	System Operator and the			
		dispatch, prices and	Market Operator in relation			
		settlement, as well	to generation scheduling,			
		as if internal controls	constraints and dispatch;			
		exist and are	and			
		sufficient to	(d) Review compliance by the			
		guarantee security	Market Operator with the			
		and confidentiality	WESM Rules.			
		where appropriate,				
		proposing				
		recommendations to				
		improve the				
		procedures to				
		collect and process				
		the information and				
		the controls of				
		quality and security				
		of data in the				
		WESM.				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder				
	000000					Rationale				
		(c) Assess the usefulness								
		and appropriateness								
		of the interfaces and								
		exchange of								
		information between								
		the System Operator								
		and the Market								
		Operator in relation								
		to generation								
		scheduling,								
		constraints and								
		dispatch; and								
		(d) Review compliance								
		by the Market								
		Operator with the								
		WESM Rules.								
		7.2.3 The PEM Auditor,	7.2.3 The PEM Auditor, with	Transferred to Section 5.2.5						
		with the assistance of the	the assistance of the Market	with revisions						
		Market Operator, shall	Operator, shall prepare							
		prepare standard terms	standard terms of reference for							
		of reference for the	the annual audit of the spot							
		annual audit of the spot	market and the Market Operator							
		market and the Market	covering the general scope							
		Operator covering the	described in the previous							
		general scope described	paragraph. The standard terms							
		in the previous	· · ·							

Ti4lo	Continu	Original Pressieles	Draw and Amondus and	Detienele	Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		paragraph. The standard	of reference shall include the			
		terms of reference shall	following tasks:			
		include the following	(a) Verify that each and all			
		tasks:	software of the Market			
		(a) Verify that each	Operator has valid audit			
		and all software of	certificates;			
		the Market	(b) Review the calculations			
		Operator has valid	and allocations performed			
		audit certificates;	to determine energy for			
		(b) Review the	the settlement			
		calculations and	calculations in each			
		allocations	trading point and for each			
		performed to	Trading Participant, and			
		determine energy	the adequacy of the			
		for the settlement	metering systems;			
		calculations in each	(c) Review the calculations			
		trading point and	and allocations performed			
		for each Trading	in the settlement process,			
		Participant, and the	and the adequacy and			
		adequacy of the	usefulness of the			
		metering systems;	settlement systems;			
		(c) Review the	(d) Review and assess the			
		calculations and	billing and settlement			
		allocations	system;			
		performed in the	(e) Review and assess the			
		settlement process,	procedures, processes			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and the adequacy	and systems for			
		and usefulness of	generation scheduling and			
		the settlement	dispatch, including			
		systems;	management of			
		(d) Review and assess	submission and validation			
		the billing and	of bids and offers as well			
		settlement system;	as the adequacy and			
		(e) Review and assess	usefulness of the			
		the procedures,	coordination			
		processes and	arrangements and			
		systems for	systems with the System			
		generation	Operator;			
		scheduling and	(f) Review and assess the			
		dispatch, including	processes for software			
		management of	management and data			
		submission and	protection;			
		validation of bids	(g) Review that, in all the			
		and offers as well	above matters, the Market			
		as the adequacy	Operator is in compliance			
		and usefulness of	with the WESM Rules and			
		the coordination	propose enhancements in			
		arrangements and	processes to achieve best			
		systems with the	international practices;			
		System Operator;	and			
		. ,	(h) Except for the first audit,			
		the processes for	review the measures and			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		software	actions taken by the Market				
		management and					
		data protection;	and recommendations of the				
		(g) Review that, in all	previous audit, and assess the				
		the above matters,	-				
		the Market	of such measures and actions.				
		Operator is in					
		compliance with the					
		WESM Rules and					
		propose					
		enhancements in					
		processes to					
		achieve best					
		international					
		practices; and					
		(h) Except for the first					
		audit, review the					
		measures and actions					
		taken by the Market					
		Operator in view of the					
		findings and					
		recommendations of the					
		previous audit, and					
		assess the adequacy and					
		effective results of such					
		measures and actions.					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		7.2.4 The PEM Auditor	7.2.4 The PEM Auditor shall	Transferred to Section 5.1.3		11411011410
		shall submit to the PEM		as revised		
		Board for review the		as revised		
			terms of reference of the annual			
		of reference of the annual				
		audit. Within fifteen (15)	\			
		days after the next PEM				
		Board meeting, the PEM				
		Board shall send its	observations. The PEM Auditor			
		comments and				
			comments and observations			
		Auditor shall take into	received and revise the terms of			
		consideration the				
		comments and	3,			
		observations received				
		and revise the terms of	published in the Market			
		reference accordingly.	Information Website.			
		The standard terms of				
		reference for the annual				
		audit shall be published				
		in the Market Information				
		Website.				
		7.2.5 In view of the	7.2.5 In view of the	Proposed to be deleted, the		
			experience of the PEM Auditor	'		
		' '	in conducting audits and			
			problems or other issues that	1 ,		
		'	'	, ,		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		other issues that may	may require auditing of the	proposed to be audited which		Rationalo			
		require auditing of the							
		Market Operator, the	•						
		' '	revise the standard terms of	previous addits conducted					
		time may revise the	reference of the Market						
		standard terms of							
		reference of the Market							
		Operator annual audit.							
		7.2.6 When necessary	7.2.6 When necessary at the	Proposed to be deleted –					
		at the discretion and	-	·					
		opinion of the PEM	•	,					
		Auditor, the PEM Auditor	shall request to contract an						
		·	•	, ,					
		shall request to contract	-	external auditors					
		<u>'</u>	to carry out all or part of the						
		qualified team to carry	audit.						
		out all or part of the audit.	707 Devices the coulit process	Dalatad as this has been					
		_	7.2.7 During the audit process,						
		'	the PEM Auditor will be the						
		will be the coordinator	coordinator with the contracted	'					
		with the contracted	·	manual					
		'	to receive a copy of all reports						
		entitled to receive a copy	and findings. Once the audit						
		,	has finished and the experts						
		Once the audit has	•						
		· ·	recommendations, the PEM						
		submitted their final	Auditor shall review the report						

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		reports and	and recommendations, to			
		recommendations, the	prepare and send to the Market			
		PEM Auditor shall review	Operator a preliminary Annual			
		the report and	Audit Report, which shall			
		recommendations, to	include:			
		prepare and send to the	(a) A summarized description			
		Market Operator a	of the audit process			
		preliminary Annual Audit	conducted by the auditor(s);			
		Report, which shall	(b) For each task or matter			
		include:	audited, general review and			
		(a) A summarized	findings by the auditor(s);			
		description of the	(c) Recommendations of the			
		audit process	PEM Auditor in view of			
		conducted by the	assessment and			
		auditor(s);	recommendations by the			
		(b) For each task or	expert audit team,			
		matter audited,	identifying any			
		general review and	recommendation by such			
		findings by the	auditor(s) that the PEM			
		auditor(s);	Auditor has rejected and			
		(c) Recommendations	the reason(s) for the			
		of the PEM Auditor in	rejection; and			
		view of assessment				
		and	report of the expert auditors.			
		recommendations by				
		the expert audit				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		team, identifying any						
		recommendation by						
		such auditor(s) that						
		the PEM Auditor has						
		rejected and the						
		reason(s) for the						
		rejection; and						
		, ,						
		(d) As an Annex, the						
		final report of the expert						
		auditors.						
		7.2.8 The Market	7.2.8 The Market Operator	Deleted as this has been				
		Operator shall review the	shall review the preliminary	sufficiently covered in the				
		preliminary report, and	report, and may make	earlier provisions of the				
		may make observations	observations or request	manual				
		or request clarifications	clarifications or corrections.					
		or corrections. The PEM	The PEM Auditor shall review					
		Auditor shall review the	the comments and observations					
		comments and	received from the Market					
		observations received	Operator, revise the preliminary					
		from the Market	report as necessary and					
		Operator, revise the	prepare the final Annual Audit					
		preliminary report as	Report and send it to:					
		necessary and prepare	(a) The Market Operator;					
		the final Annual Audit	(b) The PEM Board;					
		Report and send it to:	(c) DOE; and					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(a) The Market	(d) The ERC.			
		Operator;				
		(b) The PEM Board;				
		(c) DOE; and				
		(d) The ERC.				
		7.2.9 The final Annual	7.2.9 The final Annual Audit	Deleted as this has been		
		Audit Report shall be	Report shall be published in the	sufficiently covered in the		
		published in the Market	Market Information Website to	earlier provisions of the		
		Information Website to be	be made available to WESM	manual		
		made available to WESM	Members and the System			
		Members and the System	Operator.			
		Operator.				
Audit of the	8	8.1. Each year or at	8.1. Each year or at such other	Deleted as this has been		
Market		such other regular period	regular period as may be			
Assessment		as may be determined by		5.2.2.6		
System		· ·	the PEM Auditor shall conduct			
		Auditor shall conduct an	an audit of the market			
		audit of the market	,			
		assessment system	•			
		administered by the	Assessment Group, and any			
		Market Assessment	procedures and working			
		Group, and any	, ,			
		procedures and working	•			
		· ·	collection, validation and			
		Market Assessment	processing of market monitoring			
		Group in the collection,				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		validation and processing	data, and calculation of			
		of market monitoring	monitoring indices			
		data, and calculation of				
		monitoring indices.				
			8.1.1 The Market Assessment			
		Assessment Group shall		PAC's processes to solicit the		
		<u>'</u>	to the PEM Auditor in the			
			formulation of the standard			
		formulation of the				
		standard terms of	selection of expert team to audit			
			the Market Assessment System			
		-	including the processes and	scope of the audit.		
		the Market Assessment	•			
		System including the	Assessment Group.			
		processes and				
		procedures of the Market				
Deview of	0	Assessment Group.	O.4. Tank wind I Matters	Comment that this Continue ha		
Review of	9	9.1 Technical Matters	9.1.Technical Matters	Suggest that this Section be		
WESM Rules				deleted. The provisions in this section relate more to the		
				review of the current rules		
				relating to technical matters with a view to recommending		
				changes to address		
				unintended effects of		
				distortion in the operation of		

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
				the WESM caused by current		Rationalo
				technical provisions. This		
				function is now a function of		
				the Rules Review unit of the		
				MAG.		
		9.1.1 At the same time	9.1.1 At the same time as part of	Deleted consistent with the		
		as the annual audit, the	the annual audit, the PEM Audit	above		
		PEM Auditor shall	shall request the Technical			
		request the Technical	Committee a review of technical			
		Committee a review of	matters covered in the WESM			
		technical matters	Rules and their adequacy to			
		covered in the WESM	achieve the WESM Objectives.			
		Rules and their adequacy				
		to achieve the WESM				
		Objectives.				
		9.1.2 Within fifteen (15)	9.1. Within fifteen (15) days	Deleted consistent with the		
		1 .	from the receipt of the request,	above		
		' '	the Technical Committee shall			
			prepare and submit to the PEM			
		1	Auditor with copy furnished to			
		· ·	the PEM Board and the Rules			
		' '	Change Committee, a Technical			
			Review Report, observations			
			and recommendations on			
		′	technical matters in the WESM			
		Review Report with its	Rules , and any proposed			

			i Livi Addit	- Indirect		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		review, observations and recommendations on technical matters in the WESM Rules, and any proposed amendments, if any, are required in view of: (a) Unintended effects or distortions in the operation of the WESM caused by the current technical provisions;	amendments, if any, are required in view of: (a) Unintended effects or distortions in the operation of the WESM caused by the current technical provisions; (b) New technologies and improving the efficiency and the effectiveness of the operation of the spot market or metering arrangements; and (c) Improving or enhancing the prospects for the achievement	rationale		Rationale
		the WESM Objectives.				

Title Section Original Provision Proposed Amendment Rationale	Ider Comments Stakeholder Rationale
9.1.3 Any proposal for 9.1.3 Any proposal for Proposed to be deleted since	
amendment to the amendment to the WESM Rules this process is part of the	
WESM Rules shall be sent to the PEM Board Rules Change Manual.	
sent to the PEM Board using the standard form and	
using the standard form including the content prescribed	
and including the content in the Rules Change Manual.	
prescribed in the Rules	
Change Manual.	
9.2 Annual Audit of 9.2 Annual Audit of Proposed to be deleted, this	
Generation Scheduling Generation Scheduling and is already part of the audit of	
and Dispatch Rules Dispatch Rules the spot market and the	
Market Operator	
9.2.1 As part of the 9.2.1 As part of the annual Proposed to be relocated to	
annual audit, the PEM audit, the PEM Auditor shall Section 5.2.2.5 under the	
Auditor shall review – review portion on the review of the	
(a) The Market (a) The Market Operator's spot market and the Market	
Operator's compliance with the Operator.	
compliance with the scheduling and central	
scheduling and dispatch procedures under	
central dispatch the WESM Rules, in view of	
procedures under the processes, practices the NATIONA Dules in the processes, practices Deleted - the task of	
the WESIM Rules, in and starr or the Market reviewing the feasibility and	
view of the Operator; and adequacy of the scheduling	
processes, practices	
and stail of the the teasibility and procedures coffwere and	
adequacy of the scheduling procedures, software and	Dags 206 of 252

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	
		14 1 1 2				Rationale
		Market Operator;	·	systems prescribed under the		
		and	procedures, software and	WESM Rules is more a		
			systems prescribed or under	function for Rules Change		
		(b) The feasibility and	1	Process. Such review will		
		adequacy of the	current conditions in the	result to a change in the		
		scheduling and central	Philippines electricity industry	Rules.		
		dispatch procedures,	and new development in			
		software and systems	technologies, dispatch			
		prescribed or under the	methodologies and software.			
		WESM Rules in light of				
		the current conditions in				
		the Philippines electricity				
		industry and new				
		development in				
		technologies, dispatch				
		methodologies and				
		software.				
		9.2.2 Subject to PEM	9.2.2 Subject to PEM Board	Proposed to be deleted – the		
		Board approval in	approval in accordance with the	engagement of the external		
		accordance with the	procedures established in this	auditor has been covered in		
		procedures established	Manual, the PEM Auditor may	earlier sections of the PEM		
		in this Manual, the PEM	contract a team of qualified	Audit Manual.		
		Auditor may contract a	experts to review and give their			
		team of qualified experts				
		to review and give their				
		opinion on the adequacy	•			
		1 2 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
			•	1.00.000		Rationale
		of the procedures and				
		criteria established in the	scheduling and central dispatch.			
		WESM Rules in relation				
		to generation scheduling				
		and central dispatch.				
		9.2.3 As a result of the	9.2.3 As a result of the annual	This is the output of Rules		
		annual audit of the spot	audit of the spot market and the	Review.		
		market and the Market	Market Operator, the PEM			
		Operator, the PEM	Auditor shall indicate in the			
		Auditor shall indicate in	corresponding Annual Audit			
		the corresponding	Report its opinion (or the			
		Annual Audit Report its	opinion of external experts			
		opinion (or the opinion of	contracted for the audit) on the			
		external experts	adequacy of the WESM Rules in			
		contracted for the audit)	relation to generation			
			scheduling and centralized			
		WESM Rules in relation	dispatch, and when necessary			
		to generation scheduling	recommend amendments to the			
		and centralized dispatch,	WESM Rules.			
		and when necessary				
		recommend				
		amendments to the				
		WESM Rules.				
		9.2.4 At least once	9.2.4. At least once every two	Deleted consistent with the		
		every two years or in	years or in case of any material	above		
		case of any material	problem or disputes in relation			

Tit	tle Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
110	de Section	Original i Tovision	1 Toposed Amendment	Nationale		Rationale
		problem or disputes in	to the dispatch and generation			
		relation to the dispatch	scheduling in the WESM, the			
		and generation	PEM Auditor shall appoint a			
		scheduling in the WESM,	team or company of external			
		the PEM Auditor shall	auditors expert in dispatch and			
		appoint a team or	generation scheduling software,			
		company of external	rules and procedures in			
		auditors expert in	competitive wholesale electricity			
		dispatch and generation	markets and centralized			
		scheduling software,	economic security constrained			
		rules and procedures in	dispatch, to audit the Market			
		competitive wholesale	Operator software, procedures			
		electricity markets and	and processes and to			
		centralized economic	recommend enhancements			
		security constrained	both in the processes and			
		dispatch, to audit the	systems used by the Market			
		Market Operator	Operator and in the related			
		software, procedures and	WESM Rules, as necessary.			
		processes and to	The results and			
		recommend	recommendations of this special			
		enhancements both in	audit shall be included in the			
		the processes and	Annual Audit Report.			
		systems used by the				
		Market Operator and in				
		the related WESM Rules,				
		as necessary. The				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
			•			Rationale
		results and				
		recommendations of this				
		special audit shall be				
		included in the Annual				
		Audit Report.				
		9.2.5 Any change	9.2.5 Any change	Deleted consistent with the		
		recommended or	recommended or	above		
		observation to the WESM	observation to the WESM Rules			
		Rules presented in the	presented in the Annual Audit			
		Annual Audit Report shall	Report			
		be submitted by the PEM	shall be submitted by the PEM			
		Auditor to	Auditor			
			to			
		(a) The PEM Board;	(a) The PEM Board;			
		(b) DOE; and	(b) DOE; and			
			(c) The Rules Change			
		Change Committee.	Committee.			
		9.3 Special Review of	9.3 Special Review of	Deleted consistent with the		
		Generation Scheduling				
		and Dispatch Rules	Dispatch Rules			
		,	·			
		9.3.1 The PEM Board	9.3.1. The PEM Board may,			
		may, from time to time,	from time to time, request			
		request the PEM Auditor	the PEM Auditor to review			
		to review and assess	and assess specific			
		specific WESM Rules	WESM Rules and			
		1	1120 113 4114			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		and procedures in	procedures in relation to			
		relation to generation	generation scheduling,			
		scheduling, dispatch,	dispatch, price calculation			
		price calculation	methodology and			
		methodology and	settlement, within a			
		settlement, within a	specified deadline but			
		specified deadline but	never shorter than fifteen			
		never shorter than fifteen	(15) days. The PEM may			
		(15) days. The PEM	request an extension if it			
		Auditor may request an	considers that the			
		extension if it considers	assessment requires a			
		that the assessment	longer review period			
		requires a longer review				
		period.				
		<u>.</u>	9.3.2 Within the period specified			
		'	or the extension approved, as	above		
		approved, as applicable,	• •			
		the PEM Auditor shall				
		submit to the PEM Board	·			
		a Rules Review Report	•			
		with its review, opinion	recommendations, including			
		and recommendations,	any recommended			
		including any				
		recommended	corresponding WESM Rules.			
		amendments to the				
		corresponding WESM	WESM Rules shall be sent by			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		Rules. Any proposal to	the PEM Auditor to the PEM			
		amend the WESM Rules	Board using the standard form			
		shall be sent by the PEM	and including the content			
		Auditor to the PEM Board	prescribed in the Rules Change			
		using the standard form	Manual.			
		and including the content				
		prescribed in the Rules				
		Change Manual.				
		9.3.3 If, in the opinion of	9.3.3 If, in the opinion of the	Deleted consistent with the		
		the PEM Auditor, a more	PEM Auditor a more in depth	above		
		in depth review would be	review would be necessary, it			
		necessary, it may	may recommend to the PEM			
		recommend to the PEM	Board in its report:			
		Board in its report:	(a) The contracting external			
		(a) The contracting	independent experts; or			
		external	(b) The review by the Technical			
		independent	Committee; or			
		experts; or	(c) A special audit by the PEM			
		(b) The review by the	Auditor on the implementation			
		Technical	and procedures of the Market			
		Committee; or	Operator in relation to the			
		(c) A special audit by	specific WESM Rules reviewed			
		the PEM Auditor on the				
		implementation and				
		procedures of the Market				
		Operator in relation to the				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		specific WESM Rules reviewed.				
Software of the Market Operator	10	10.1 Objective	10.1 Objective			
		implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without – (a) Prior notice to all WESM Members and the PEM Board; and	shall not implement a new software or associated system, or modify an existing software or its associated system for generation scheduling, dispatch or settlement or price calculation relevant to the WESM without— (a) Prior notice to all WESM Members and the PEM Board; and			
		Process. All new software or	the ICT Change Management Process shall be subject to post audit and/or certification within			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		software implemented	one year from deployment. The			
		through the ICT Change	ICT Change Management			
		Management Process	process is instituted by the			
		shall be subject to post	Market Operator to ensure			
		audit and/or certification	'			
		-	approval, and monitoring of all			
		1	activities on all stages of the			
			change management process.			
		process is instituted by				
		the Market Operator to				
		ensure proper and timely				
		review, approval, and				
		monitoring of all activities				
		on all stages of the				
		change management				
		process.				
			10.2 Software for the WESM	Transferred to Section 10.27		
		WESM		with revisions		
		10.2.1 If the Market	•	Transferred to Section 5.7.3		
		Operator wants to	•			
		implement a new	l G			
		_	scheduling, dispatch, price			
		,	calculation or settlement, or			
		•	modify or replace an existing			
		settlement, or modify or	one, the Market Operator shall			

			PEW Audit	Wallual		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		replace an existing one,	send a report to the PEM			
		the Market Operator shall	Auditor describing –			
		send a report to the PEM	(a) The software to be			
		Auditor describing –	implemented (a new			
		(a) The software to be	software) or the software to			
		implemented (a new	be modified;			
		software) or the	(b) If an existing software is			
		software to be	going to be modified or			
		modified;	replaced, a description of -			
		(b) If an existing	(i) The reasons that justify			
		software is going to	the change, including			
		be modified or	any problem or shortfall			
		replaced, a	identified in the existing			
		description of –	software, if any;			
			(ii) Expected improvements,			
		(i) The reasons that	particularly in relation to			
		justify the change,	transparency, efficiency,			
		including any	data processing and			
		problem or	response time;			
		shortfall identified	(iii) The scope of the			
		in the existing	proposed modification			
		software, if any;	or, if the existing			
		(ii) Expected	software is going to be			
		improvements,	replaced, the description			
		particularly in	of the new software and			
		relation to				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		transparency,	main differences with the			
		efficiency, data	existing one;			
		processing and	(c) If a new software is going			
		response time;	to be implemented, a			
		(iii) The scope of the	description of -			
		proposed	(i) The reasons that justify			
		modification or, if	the new software,			
		the existing	particularly the expected			
		software is going	improvements in			
		to be replaced, the	efficiency, data			
		description of the	processing and response			
		new software and	time;			
		main differences	(ii) The description of the new			
		with the existing	software;			
		one;	(iii) The description of the			
			tests performed and			
		(c) If a new software is	results that prove that the			
		going to be	software has been			
		implemented, a	sufficiently and			
		description of -	adequately tested in trial			
		(i) The reasons that	mode, produces accurate			
		justify the new	results and is ready for			
		software,	implementation;			
		particularly the				
		expected	(d) Findings and details			
		improvements in	thereof, proving that the			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale	
		efficiency, data	modified or new software will be				
			in full compliance with the				
		response time;	WESM Rules.				
		(ii) The description					
		of the new					
		software;					
		(iii) The description					
		of the tests					
		performed and					
		results that					
		prove that the					
		software has					
		been sufficiently					
		-					
		and adequately tested in trial					
		mode, produces					
		accurate results					
		and is ready for					
		implementation;					
		(d) Findings and					
		details thereof, proving					
		that the modified or new					
		software will be in full					
		compliance with the					
		WESM Rules.					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		10.2.2 The PEM Auditor	10.2.2 The PEM Auditor shall	Transferred to Section 5.7.5		
		shall review the report of	review the report of the Market			
		the Market Operator and	Operator and may request			
		may request clarifications	clarifications and further			
		and further information.	information. In particular, the			
		In particular, the PEM	PEM Auditor may organize a			
		Auditor may organize a	meeting with the relevant staff of			
		meeting with the relevant	the Market Operator to discuss			
		staff of the Market	the characteristics, any			
		Operator to discuss the	limitation or potential problem,			
		characteristics, any	and other conditions of the			
		limitation or potential	software that may impact			
		problem, and other	predictability, transparency or			
		conditions of the software	compliance with the WESM			
		that may impact	Rules.			
		predictability,				
		transparency or				
		compliance with the				
		WESM Rules.				
		10.2.3 The review of the	10.2.3 The review of the PEM	Transferred to Section 5.7.6		
		PEM Auditor shall	Auditor shall encompass testing			
		encompass testing of the	of the software to verify			
		software to verify	accuracy of results and			
		accuracy of results and	compliance with all requirement			
		compliance with all	and procedures established in			
		requirement and	the WESM Rules. The PEM			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder		
			A colitan alcall name at a social at			Rationale		
		procedures established	•					
		in the WESM Rules. The	test runs of the software to verify					
		PEM Auditor shall	1 1 37					
		•	special conditions.					
		runs of the software to	Alternatively, the PEM Auditor					
		verify that it works	may request the contracting of					
		properly, even in special	•					
		conditions. Alternatively,	certify the software.					
		the PEM Auditor may						
		request the contracting of						
		an external expert to test						
		and certify the software.						
		10.2.4 After finalizing the	10.2.4 After finalizing the review	Transferred to Section 5.7.7				
		review and tests, as	and tests, as applicable and					
		applicable and based on	based on the information					
		the information gathered	gathered and, if an external					
		and, if an external expert	expert was used, the report with					
		was used, the report with	the review and					
		the review and	recommendations of the expert,					
		recommendations of the	the PEM Auditor shall prepare					
		expert, the PEM Auditor	and submit to the Market					
		shall prepare and submit	Operator and the PEM Board a					
		to the Market Operator	Software Review Report. The					
		and the PEM Board a	•					
		Software Review Report.	recommendation shall indicate					
		The outcome of the						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		review and	(a) If the software is ready for			
		recommendation shall	implementation and in			
		indicate –	compliance with the			
		(a) If the software is	WESM Rules and the			
		ready for	objectives; or			
		implementation and				
		in compliance with				
		the WESM Rules	,			
		and the objectives;				
		or	WESM Rules and its objectives.			
		(b)				
		Recommendation				
		s on measures or				
		changes prior to				
		implementing the				
		software, to ensure full				
		compliance with the				
		WESM Rules and its objectives.				
		10.3 Settlement	10.3 Settlement Software			
		Software	10.3.1 Each year during the			
		10.3.1 Each year during	month of June or prior to			
		the month of June or prior	implementation of any			
		to implementation of any	modification to the existing			
		modification to the	settlement software, an			
		existing settlement	independent auditor competent			

ANNEX C

Proposed Amendments to the PEM Audit Manual

	Stakeholder Comments Stakel							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		software, an independent	to carry out such type of audit,					
		-	shall audit the settlement					
		carry out such type of	software to determine its					
		audit, shall audit the	consistency with the WESM					
		settlement software to	Rules.					
		determine its consistency						
		with the WESM Rules.						
		10.3.2 In any dispute in	10.3.2 In any dispute in relation	Transferred to Section 5.7.9				
		relation to settlement	to settlement calculations, a	with revisions				
		calculations, a certificate	certificate of such auditor that					
		of such auditor that the	the settlement software is					
		settlement software is	consistent with the WESM					
		consistent with the	Rules shall be evidence that the					
		WESM Rules shall be	charges or payments shown in a					
		evidence that the	settlement statement have been					
		charges or payments	calculated by a method					
		shown in a settlement	consistent with the WESM					
		statement have been	Rules.					
		calculated by a method						
		consistent with the						
		WESM Rules.						
		10.4 Software for WESM	10.4 Software for WESM	Deleted as this is covered in				
		Members	Members	general under software for				
				the spot market and the				
				Market Operator				

ANNEX C

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder		
						Rationale		
		10.4.1 Prior to	10.4.1 Prior to					
		implementing a new	implementing a new software to	already mentioned under				
		software to be used by	be used by WESM Members, or	Section 5.7.3				
		WESM Members, or	modifying or replacing an					
		modifying or replacing an	existing one, the Market					
		existing one, the Market	Operator shall send a report to					
		Operator shall send a	the PEM Auditor describing -					
		report to the PEM Auditor	(a) The software to be					
		describing –	implemented (a new					
		(a) The software to be	software) or the software to					
		implemented (a new	be modified, and the					
		software) or the	expected usage by WESM					
		software to be	Members;					
		modified, and the	·					
		expected usage by	(b) Expected improvements for					
		WESM Members;	WESM Members.					
		,	particularly in relation to					
		(b) Expected	accuracy, efficiency and					
		improvements for	consistency;					
		WESM Members,	generationay,					
		,	(c) The description of the tests					
		relation to accuracy,	performed and results					
		efficiency and	proving that the software					
		consistency;	has been sufficiently and					
		Consistency,						
			adequately tested and is					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(c) The description of	ready to be used by WESM			
		the tests performed	Members; and			
		and results proving				
		that the software has	(d) A description and details			
		been sufficiently and	showing that the software			
		adequately tested	calculations are accurate and in			
		and is ready to be	full compliance with the WESM			
		used by WESM	Rules.			
		Members; and				
		(d) A description and				
		details showing that the				
		software calculations are				
		accurate and in full				
		compliance with the				
		WESM Rules.				
		10.4.2 The PEM Auditor	10.4.2 The PEM Auditor will			
		•	review the report of the Market			
		•	Operator and may request			
			clarifications and further			
		and further information.	information. The PEM Auditor			
		The PEM Auditor shall	•			
		-	runs to verify accuracy of results			
		_	and that it works properly even			
			in special conditions. With the			
		properly even in special	results of these tests, the			

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
						Rationale
		conditions. With the	•			
		results of these tests, the	the software, if necessary.			
		Market Operator shall				
		correct the software, if				
		necessary.				
		10.4.3 Once the PEM	10.4.3 Once the PEM Auditor			
		Auditor considers that the	considers that the software is			
		software is accurate and	accurate and ready for use, the			
		ready for use, the PEM	PEM Auditor will prepare and			
		Auditor will prepare and	submit to the Market Operator a			
		submit to the Market	Software Review Report			
		Operator a Software	approving the software, with			
		Review Report approving	copy thereof furnished to the			
		the software, with copy	PEM Board. The Market			
		thereof furnished to the	Operator shall publish the			
		PEM Board. The Market	approval in the Market			
		Operator shall publish the	Information Website and			
			advertise the new software or			
		Information Website and	the change to the existing			
		advertise the new	software when ready for use by			
		software or the change to	1			
		the existing software				
		when ready for use by				
		WESM Members.				
Metering	11	11.1 Background	11.1 Background			
Review						
	l					

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder		
			•			Rationale		
		11.1.1 ln accordance	11.1.1 In accordance					
		with the Grid Code, the	with the Grid Code, the Metering					
		Metering Services	Services Providers have the					
		Providers have the	responsibility to supply, install,					
		responsibility to supply,	connect, own, test, calibrate,					
		install, connect, own,	place in service, operate, check,					
		test, calibrate, place in	and maintain the metering					
		service, operate, check,	system for settlement, ensuring					
		and maintain the	the accuracy and traceability of					
		metering system for	calibration and test results.					
		settlement, ensuring the	Additionally, each Metering					
		accuracy and traceability	Services Provider shall take all					
		of calibration and test	reasonable steps to prevent					
		results. Additionally,	unauthorized interference with					
		each Metering Services	the metering equipment.					
		Provider shall take all						
		reasonable steps to						
		prevent unauthorized						
		interference with the						
		metering equipment.						
		11.1.2 As established in	11.1.2 As established in the					
		the Grid Code, a User	Grid Code, a User shall have the					
		· ·	right to request an audit of the					
		· ·	settlement data related to its					
		•	account and the right to choose					
			an independent third party					
		ins assessment and ingine	and party					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
			Produce the second second			Rationale
		to choose an				
		independent third party	•			
		qualified to perform the				
		audit. In such cases, the	Providers and Market Operator			
		System Operator,	shall cooperate in the auditing			
		Metering Services	process.			
		Providers and Market				
		Operator shall cooperate				
		in the auditing process.				
		11.2 Scope and	11.2 Scope and Objectives			
		Objectives				
		11.2.1 The general	11.2.1 The general objective of			
		objective of the PEM	the PEM Auditor metering			
		Auditor metering review	review is to assess the			
		is to assess the	adequacy of the metering			
		adequacy of the metering	standards and security systems			
		standards and security	and processes in the WESM.			
		systems and processes				
		in the WESM.				
		11.2.2 Every year, the	11.2.2 Every year, the PEM			
		PEM Auditor shall review	Auditor shall review the security			
		the security	arrangements and requirement			
		arrangements and	of metering installations. If			
		requirement of metering	considered necessary and			
		installations.	convenient, the PEM Auditor			
		considered necessary	may request the PEM Board			

	PEW AUGIT Manual								
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale			
		and convenient, the PEM	approval of metering audits as						
		Auditor may request the	part of the review process.						
		PEM Board approval of							
		metering audits as part of							
		the review process.							
		11.3 Consultation on	11.3 Consultation on Metering						
		Metering Arrangements	Arrangements						
		11.3.1 Each year before	11.3.1 Each year before	Transferred to Section 5.7.9					
		the month of November,	the month of November, the	with revisions					
		the PEM Auditor shall	PEM Auditor shall organize a						
		organize a consultation	consultation process with the						
		process with the Market	Market Operator, Trading						
		Operator, Trading	Participants, the Technical						
		Participants, the	Committee and all Metering						
		Technical Committee	Services Providers in relation to						
		and all Metering Services	metering arrangements in the						
		Providers in relation to	WESM. The PEM Auditor shall						
		metering arrangements	publish in the Market						
		in the WESM. The PEM	Information Website a request						
		Auditor shall publish in	for the Market Operator, Trading						
		the Market Information	Participants and Metering						
		Website a request for the	Services Providers to submit to						
		Market Operator,	the PEM Auditor during the next						
		Trading Participants and	fifteen (15) days their comments						
		Metering Services	and recommendations						
		Providers to submit to	regarding –						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		the PEM Auditor during				
		the next fifteen (15) days	(a) Standards and			
		their comments and	requirements of metering			
		recommendations	installations;			
		regarding –				
		` '	(b) Adequacy of work			
		•	procedures of Metering			
		metering	Services Providers; and			
		installations;				
			(c) Security arrangements			
		•	associated to metering systems			
		Metering Services	and processes.			
		Providers; and				
		(c) Security				
		arrangements associated				
		to metering systems and				
		processes.				
		11.4 Audit of Metering	_			
			Arrangements and Compliance			
		Compliance				
		11.4.1 When the annual				
			metering arrangements review			
		•	includes audits, as approved by			
			the PEM Board, the PEM			
			Auditor, supported by the			
		supported by the				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder	
11.10	00011011	3.1ga. 1.20.0.0.1	1 Toposou / amonument	radionalo		Rationale	
		Technical Committee,	Technical Committee, shall				
		shall conduct an audit	conduct an audit regarding,				
		regarding,					
			(a) Compliance with				
		(a) Compliance with	requirements of metering				
		requirements of	installations;				
		metering					
		installations;	(b) Compliance with security				
		(b) Compliance with	arrangements associated to				
		security	metering systems and				
		arrangements	processes; and				
		associated to					
		metering systems	(c) Adequacy of security				
		and processes; and	arrangements by the Market				
		(c) Adequacy of	Operator and work procedures				
		security arrangements by	by Metering Services Providers.				
		the Market Operator and					
		work procedures by					
		Metering Services					
		Providers.					
		11.4.2 To audit	11.4.2 To audit compliance, the				
		compliance, the PEM					
		'	sample of metering sites, where				
			at least thirty percent (30%) of				
			which shall correspond to the				
		_	metering points with largest				
		(2273) 3					

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Gtakeriolaer Comments	Rationale
		shall correspond to the	volume within the WESM,			250 2 25 2
			where metering errors or			
			inadequacy can create the			
		WESM, where metering	biggest impact and volume error			
		errors or inadequacy can	in the WESM.			
		create the biggest impact				
		and volume error in the				
		WESM.				
		11.4.3 The PEM Auditor	11.4.3 The PEM Auditor shall			
		shall designate staff of	designate staff of the Technical			
		the Technical Committee	Committee as field auditors to			
		as field auditors to	perform compliance tests on the			
		perform compliance tests	security processes and			
		on the security processes	metering installations			
		and metering	standards.			
		installations standards.				
		11.5 Review of	11.5 Review of Metering			
		Metering Arrangements	Arrangements			
		11.5.1 The PEM Auditor	11.5.1 The PEM Auditor			
		shall review the	shall review the adequacy and			
		adequacy and quality of	• •			
		the security	arrangements taking into			
		arrangements taking into	consideration –			
		consideration –				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		(a) Best practices in	(a) Best practices in other			
		other competitive	competitive electricity			
		electricity markets;	markets;			
		(b) Available	(b) Available technology; and			
		technology; and	(c) Comments and			
		(c) Comments and	recommendations received			
		recommendations	during the consultation process.			
		received during the				
		consultation process.				
		11.5.2 The PEM Auditor	11.5.2 The PEM Auditor shall			
		shall review the	review the adequacy and			
		adequacy and	compliance with the			
		compliance with the	requirements of metering			
		requirements of metering	9			
		installations taking into	consideration			
		consideration –	(a) Available metering			
		(a) Available metering	9,			
		technology and its				
		costs;	competitive electricity			
		(b) Practices in other	•			
		competitive	metering installations that			
		electricity markets	are not unnecessarily			
		to have adequate	costly; and			
		metering	(c) Comments and			
		installations that				
		are not	during the consultation process.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		unnecessarily				
		costly; and				
		(c) Comments and				
		recommendations				
		received during the				
		consultation process.				
		11.5.3 If the review	•			
		process includes audits	includes audits of metering			
			systems and arrangements, the			
		arrangements, the PEM	PEM Auditor shall also take into			
		Auditor shall also take	consideration findings and			
		into consideration	results of the field auditors.			
		findings and results of the				
		field auditors.				
			11.5.4 Before the end of			
		November, the PEM	November, the PEM Auditor			
		Auditor shall prepare a				
		Metering Arrangements	Arrangements Report with its			
		· •	review and recommendations.			
		recommendations. The	The report shall include, as			
		report shall include, as	Annexes, the following:			
		Annexes, the following:				
		(a) The PEM Auditor	(a) The PEM Auditor			
		recommendations;	recommendations;			
		(b) If the review process				
		included audits of				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		mostoring systems	(b) If the review process			Rationale
		metering systems	(b) If the review process			
		and arrangements,	included audits of metering			
		the main finding and	systems and arrangements,			
		recommendations of	the main finding and			
		the field auditors;	recommendations of the			
		and	field auditors; and			
			(c) The summary of the			
		(c) The summary of	comments and			
		the comments and	recommendations received			
		recommendations	during the consultation process,			
		received during the	identifying the party or parties			
		consultation process,	that sent each type of comment			
		identifying the party or	or recommendation and, in case			
		parties that sent each	the observation or			
		type of comment or	recommendation was rejected			
		recommendation and, in	by the PEM Auditor, the reason			
		case the observation or	for the rejection.			
		recommendation was	·			
		rejected by the PEM				
		Auditor, the reason for				
		the rejection.				
		_	11.5.5 The PEM Auditor shall			
			send the Metering			
		_	Arrangements Report to the			
		_	PEM Board and the Market			
		Market Operator, for	1 Livi Board and the Market			
		Market Operator, 101				

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		publication in the Market Information Website.	Operator, for publication in the Market Information Website.			
Compliance With WESM Rules	12	12.1.1 As established in the Compliance and Enforcement Market Manual, assessment of alleged breaches shall be a responsibility of the ECO, and Investigations of an alleged breach shall be conducted either by the ECO or the MSC. The PEM Auditor shall not be assigned the responsibility of carrying out an Investigation.	12.1.1 As established in the Compliance and Enforcement Market Manual, assessment of alleged breaches shall be a responsibility of the ECO, and Investigations of an alleged breach shall be conducted either by the ECO or the MSC. The PEM Auditor shall not be assigned the responsibility of carrying out an Investigation. However, if requested by the ECO, the PEM Auditor may support the Investigation of an alleged breach by providing opinion or conducting audits, including findings and			

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakenoider Somments	Rationale
		12.1.2 In performing the	12.1.2 In performing the ECO's			
		ECO's functions in	functions in assessing or			
		assessing or	investigating an alleged breach			
		investigating an alleged	pursuant to the Compliance and			
		breach pursuant to the	Enforcement Market Manual,			
		Compliance and	the ECO may request the PEM			
		Enforcement Market	Auditor to assess or audit a			
		Manual, the ECO may	WESM Member, the System			
		request the PEM Auditor	Operator or the Market Operator			
		to assess or audit a	in relation to compliance with			
		WESM Member, the	specific rules or standards or			
		System Operator or the	procedures in relation to			
		Market Operator in	generation scheduling,			
		relation to compliance	dispatch, bidding, prices and			
		•	settlement, as established by			
		standards or procedures	the WESM Rules. The ECO			
			shall inform the party or parties			
		scheduling, dispatch,	in alleged breach the matters			
		bidding, prices and	that have been derived to the			
		settlement, as	PEM Auditor for assessment or			
		established by the	audit.			
		WESM Rules. The ECO				
		shall inform the party or				
		parties in alleged breach				
		the matters that have				
		been derived to the PEM				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		Auditor for assessment or						
		audit.						
		12.1.3 When the	12.1.3 When the investigation of					
		investigation of an	an alleged breach has been					
		alleged breach has been	referred to the MSC, the MSC					
		referred to the MSC, the	may recommend an audit by the					
		MSC may recommend an	PEM Auditor. In such case, the					
		audit by the PEM Auditor.	ECO shall request and					
		In such case, the ECO	coordinate with the PEM Auditor					
		shall request and	the required audit, as					
		coordinate with the PEM	established in the previous					
		Auditor the required	paragraph.					
		audit, as established in						
		the previous paragraph.						
		12.1.4 Under	12.1.4 Under confidentiality					
		confidentiality obligation,	obligation, the ECO shall					
		the ECO shall provide the	provide the PEM Auditor all the					
		PEM Auditor all the	required information and data to					
		required information and	assess the alleged breach or to					
		data to assess the	identify the details to be audited.					
		alleged breach or to						
		identify the details to be						
		audited.						
		12.1.5 The party in	12.1.5 The party in alleged					
		alleged breach has the	breach has the obligation to					
		obligation to cooperate	cooperate with the PEM Auditor					

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Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale		
		with the PEM Auditor in	in the assessment or audit					
		the assessment or audit	process, providing all the					
		process, providing all the	relevant data and other					
		relevant data and other	information requested by the					
		information requested by	PEM Auditor and allowing the					
		the PEM Auditor and	necessary tests and audits.					
		allowing the necessary	-					
		tests and audits.						
		12.1.6 In case the party	12.1.6 In case the party objects					
		objects to submitting the	to submitting the data or					
		data or information	information requested by the					
		requested by the PEM	PEM Auditor, the PEM Auditor					
		Auditor, the PEM Auditor	shall request the MSC to					
		shall request the MSC to	request such data and					
		request such data and	information, and the MSC then					
		information, and the MSC	shall provide it to the PEM					
		then shall provide it to the	Auditor within the established					
		PEM Auditor within the	confidentiality provisions. If the					
		established	party does not provide the data					
		confidentiality provisions.	and information requested to					
		If the party does not	the MSC, it shall be considered					
		provide the data and	a breach to the WESM Rules.					
		information requested to						
		the MSC, it shall be						
		considered a breach to						
		the WESM Rules.						

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale		Rationale
		12.1.7 In all cases, the	12.1.7 In all cases, the party is			ranonaro
			obliged to allow and facilitate			
		· · ·	the tests and audits requested			
			by the PEM Auditor, provided			
		· · · · · ·	that the PEM Auditor shall give			
		,	an advance notice of not less			
		'	than five (5) business days for			
		<u> </u>	any test or audit required,			
		less than five (5)				
		` '	scope and details of the test and			
		_	audit. Not allowing the test or			
		-	audits requested by the PEM			
			Auditor shall be considered a			
		the test and audit. Not	Dreach. 			
		allowing the test or audits				
		requested by the PEM				
		Auditor shall be				
D 1	10	considered a breach.	10.00			
Data and	13	13.1 The System	13. 6 Data and Information			
Information		Operator	40.4 = 0.4			
			13.1 The System Operator			
			6.1 13.1.1 The System Operator			
			shall ensure an audit trail of			
		documentation that is	,			
		fully adequate to	·			
		substantiate and	reconstruct all relevant actions			

ANNEX C

Proposed Amendments to the PEM Audit Manual

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		reconstruct all relevant	performed. For data and			Rationale
		actions performed. For	-			
		data and documents				
		related to the WESM	,			
		Rules and this Manual,	maintained for a period of at			
		such audit trail shall be	least seven (7) years, unless			
		maintained for a period of	specified otherwise in the			
		at least seven (7) years,	WESM Rules or other			
		unless specified	Applicable Law, Rules and			
		otherwise in the WESM	Regulations.			
		Rules or other Applicable				
		Law, Rules and				
		Regulations.				
		1	6.2 13.1.2 The System			
		Operator shall provide	Operator shall provide the			
		the PEM Auditor or	PEM Auditor <u>Audit</u>			
		auditors designated by				
		the PEM Auditor, all the	designated by the PEM			
		information required for	Auditor Audit Committee,			
		auditing purposes, within	all the information required			
		the timeframe and format	for auditing purposes,			
		as may be required by	within the timeframe and			
		the PEM Auditor or	format as may be required			
		designated auditors.	by the PEM Auditor or			
			designated auditors.			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder			
Title	Section	Original Frovision	i Toposea Ameriament	Nationale		Rationale			
		13.1.3 The System	<u>6.3</u> 13.1.3 The System						
		Operator shall retain the	Operator shall retain the						
		information provided by	information provided by						
		WESM Members and the	WESM Members and the						
		Market Operator, and the	Market Operator, and the						
		data calculated and	data calculated and						
		reports prepared in the	reports prepared in the						
		planning and operation of	planning and operation of						
		the system, for the period	the system, for the period						
		and in accordance to the	and in accordance to the						
		conditions established in	conditions established in						
		the WESM Rules and the	the WESM Rules and the						
		Grid Code. The storing of	Grid Code. The storing of						
		such information shall be	such information shall be						
		appropriate for	appropriate for reasonable						
		reasonable access as	access as may be required						
		may be required for	for auditing purposes.						
		auditing purposes.							
		13.2 The Market	13.2 The Market Operator						
		Operator	6.4 13.2.1 The Market Operator						
		13.2.1 The Market	shall ensure an adequate						
		Operator shall ensure an	audit trail of						
		adequate audit trail of	documentation to						
		documentation to	substantiate and						
		substantiate and	reconstruct all relevant						
		reconstruct all relevant	actions performed. For						

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
Title	Occion	Original Frovision	1 Toposed Americanent	Rationale		Rationale
		actions performed. For	data and documents			
		data and documents	related to the WESM			
		related to the WESM	Rules and this Manual,			
		Rules and this Manual,	such audit trail shall be			
		such audit trail shall be	maintained for a period of			
		maintained for a period of	at least seven (7) years,			
		at least seven (7) years,	unless specified otherwise			
		unless specified	in the WESM Rules or			
		otherwise in the WESM	other Applicable Law,			
		Rules or other Applicable	Rules and Regulations.			
		Law, Rules and				
		Regulations.				
		13.2.2 The Market	6.5 13.2.2 The Market Operator			
		Operator shall provide	shall provide the PEM Auditor			
		the PEM Auditor or	Audit Committee or auditors			
		auditors designated by	designated by the PEM Auditor			
		the PEM Auditor all the	<u>Audit Committee</u> , all the			
		information required for	information required for auditing			
		auditing purposes, within	purposes, within the timeframe			
		the timeframe and format	and format <u>required</u> as the			
		as the PEM Auditor or	PEM Auditor or designated			
		designated auditors may	auditors may require.			
		require.				
		13.2.3 The Market	6.6 13.2.3 The Market Operator			
		Operator shall retain	shall retain information provided			
		information provided by	by the System Operator, and			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		the System Operator,	other WESM Members, and the			
		and other WESM	data calculated and reports			
		Members, and the data	prepared in generation			
		calculated and reports	scheduling, dispatch and			
		prepared in generation	administration of the WESM			
		scheduling, dispatch and	•			
		administration of the				
		WESM and its settlement	•			
		system, in accordance	• • •			
		with the WESM Rules.	,			
		The storing of such				
		information shall be	purposes of the WESM and the			
		appropriate for	Market Operator.			
		reasonable access as				
		may be required for				
		auditing purposes of the				
		WESM and the Market				
		Operator.				
		_	13.3 Obligations of a Party			
		Party Audited	Audited			
		40044	0 7 40 0 4 4 4 11 11			
		I	<u>6.7</u> 13.3.1 A party audited			
		shall submit in a timely				
		manner the complete				
		data, documents and	•			
		other information	by the PEM Auditor Audit			

Title Section Original Provision requested by the PEM Auditor or an auditor (field auditor or expert auditor) designated by the PEM Auditor in accordance with this Manual. 13.3.2 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited. 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions and responsibilities, or in auditor (field auditor (field auditor) designated by the PEMC auditor (field auditor), in accordance with this Manual. 6.8.13.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited. 13.4.1 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions and responsibilities, or functions and responsibilities.			T			01-111	Otaliah alilan
requested by the PEM Auditor or an auditor (field auditor or expert auditor) (field auditor or expert auditor) designated by the PEM Auditor in accordance with this Manual. 13.3.2 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited. 13.4. The PEM Auditor 13.4.1 The PEM Auditor 13.4.2 The PEM Auditor 13.4.3 The PEM Auditor 13.4.3 The PEM Auditor 13.4.1 The Committee or expert auditor) designated auditor, in accordance with this Manual. 25.8 4.3.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditor. 25.8 4.3.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditor. 26.8 4.3.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditor. 26.8 4.3.3 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated ase auditors, access to the facilities, systems and information to	Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder
Auditor or an auditor (field auditor or expert auditor) designated by the PEM Auditor in accordance with this Manual. 13.3.2 When a party is notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited. 13.4.1 The PEM Auditor 13.4.1 The PEM Auditor 13.4.1 The PEM Auditor 13.4.1 The PEM Auditor 13.4.1 The PEM Auditor of expert auditors, access any information obtained in carrying out its functions			5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5				Rationale
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notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or other experts designated as auditors, access to the facilities, systems and information to be audited. 13.4 The PEM Auditor shall not disclose any information obtained in carrying out its functions notified that an audit will be conducted, the party shall cooperate with the audit and shall provide the PEMC staff or ether experts designated as auditors, access to the facilities, systems and information to be audited. 13.4. The PEM Auditor 13.4. The PEM Auditor shall not disclose any information obtained in carrying out its functions			Manual.				
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experts designated as auditors, access to the facilities, systems and information to be audited. 13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions auditors, access to the facilities, systems and information to be audited. 13.4.1 The PEM Auditor 6.9 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			audit and shall provide	shall provide the PEMC staff or			
auditors, access to the facilities, systems and information to be audited. 13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions systems and information to be audited. 13.4.1 The PEM Auditor 6.9 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			the PEMC staff or other	other experts designated as			
facilities, systems and information to be audited. 13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions 13.4.1 The PEM Auditor 6.9 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			experts designated as	auditors, access to the facilities,			
information to be audited. 13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			auditors, access to the	systems and information to be			
13.4 The PEM Auditor 13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions 13.4.1 The PEM Auditor 6.9 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			facilities, systems and	audited.			
13.4.1 The PEM Auditor shall not disclose any information obtained in carrying out its functions 6.9 13.4.1 The PEM Auditor Audit Committee shall not disclose any information obtained in carrying out its			information to be audited.				
shall not disclose any information obtained in carrying out its functions obtained in carrying out its			13.4 The PEM Auditor	13.4 The PEM Auditor			
shall not disclose any information obtained in carrying out its functions obtained in carrying out its							
shall not disclose any information obtained in carrying out its functions obtained in carrying out its			13.4.1 The PEM Auditor	6.9 13.4.1 The PEM Auditor			
carrying out its functions obtained in carrying out its			shall not disclose any	Audit Committee shall not			
			information obtained in	disclose any information			
			carrying out its functions	obtained in carrying out its			
ן מווע ופאַטוואוווופא, טון ועוועווטווא מווע ובאַטוואווופא, טון				, ,			
any finding and any finding and			any finding and	any finding and			
recommendations resulting resulting			'				

					Ctalcabalday Cammanta	Ctalcab alden
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		reculting from an audit	from an audit process, except			Rationale
			•			
		process, except as	•			
		' ·	in the WESM Rules and the			
		and the WESM Rules.	Retail Rules			
		13.4.2 The PEM Auditor				
		shall not use any	<u>Audit Committee</u> shall not use			
		information, be it	any information, be it			
		confidential or not,	confidential or not, obtained in			
		obtained in carrying out	carrying out its functions and			
		its functions and	responsibilities for other			
		responsibilities for other	purposes that <u>than</u> those			
		purposes that those	established in this Manual and			
		established in this	in the WESM Rules and in the			
		Manual and the WESM	Retail Rules.			
		Rules.				
		13.5 Confidentiality	13.5 Confidentiality			
			•			
		13.5.1 When applicable	6.11 13.5.1 When applicable			
		in accordance to the				
		confidentiality provision				
		in the WESM Rules and	· .			
		this Manual, information	•			
		submitted to the PEM	·			
		Auditor will be	Audit Committee will be			
		designated and marked				
		as "Confidential" and will				
		as Commuential and Will	Comindential and will be			

			PEW Audit	Walluai		
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		be administered with	administered with measures			
		measures considered by	considered by the PEM Auditor			
		the PEM Auditor as	Audit Committee as necessary			
		necessary and	and reasonable to protect the			
		reasonable to protect the	confidentiality			
		confidentiality.				
		13.5.2 A party providing	6.12 13.5.2 A party providing			
		any document or other	· ·			
			information in the course of an			
			audit may request that the			
			document or information be			
			designated as confidential, if			
			such document or information			
		· ·	qualifies as confidential			
			according to the confidentiality			
		·	provisions in the WESM Rules.			
			The PEM Auditor Audit			
		1	<u>Committee</u> shall assess the			
			confidentiality claim and, at its			
			own discretion, determine the			
			validity of the request. If the			
			PEM Auditor Audit Committee			
			agrees that the document or			
		the request. If the PEM	-			
		<u> </u>	confidential, the document or			
		document or information				

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		qualifies as confidential,	information will be designated			
		the document or	and marked as "Confidential".			
		information will be				
		designated and marked				
		as "Confidential".				
		13.5.3 The PEM Auditor	6.13 13.5.3 The PEM Auditor			
		and each member of the	and each member of the Audit			
		Audit Committee,	Committee , the Technical			
		Technical Committee	Committee and other			
		and other external	Independentexternal			
		auditors shall enter into a	Aauditors, as applicable, shall			
		confidentiality agreement	enter into a confidentiality			
		with the entity providing	agreement with the entity			
		the information, the terms	providing the information, as			
		of which shall be	necessary. the terms of which			
		prescribed by the PEM	shall be prescribed by the PEM			
		Board. 6.1.13	Board.			
Limitation of	14	14. LIMITATION OF	44. <u>7.</u> LIMITATION OF			
Liability and		LIABILITY AND	LIABILITY AND			
Indemnificatio		INDEMNIFICATION	INDEMNIFICATION			
n						
			7.1 14.1.1 In performing its			
			audit and review functions and			
		functions and	' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	inclusion of the audit of MSPs		
		•	this Manual, the members of			
		contained in this Manual,	the PEM Auditor Audit			

Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale
		the PEM Auditor and any	Committee and any member of			
		member of the Audit	the Audit <u>Committee</u> or the			
		Committee or the	Technical Committee shall not			
		Technical Committee	be personally liable for any loss			
		shall not be personally	or damage suffered or incurred			
		liable for any loss or	by a WESM Member, the			
		damage suffered or	System Operator, the Metering			
		incurred by a WESM	Services Providers , Market			
		Member, the System	Operator or any other person as			
		Operator, the Market	a consequence of any act or			
		Operator or any other	omission of those persons in the			
		person as a	performance of their functions			
		consequence of any act	unless the member of the PEM			
		or omission of those	Auditor or the member of the			
		persons in the				
		performance of their	·			
			as the case may be, acted with			
			malice, manifest partiality, bad			
		the Audit Committee or	faith, gross incompetence or			
		the Technical	gross negligence.			
		Committee, as the case				
		may be, acted with				
		malice, manifest				
		partiality, bad faith, gross				
		incompetence or gross				
		negligence.				

	1				Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakenoider Comments	Rationale
		14.1.2 Except for liability	7.2 14.1.2 Except for liability			Nationale
		arising out of conduct	· · · · · · · · · · · · · · · · · · ·			
		involving malice,	malice, manifest partiality, bad			
		manifest partiality, bad	•			
		faith, gross	gross negligence, if any			
		,				
		incompetence or gross	member of the PEM Auditor or a member of the Audit			
		negligence, if the PEM Auditor or a member of	<u></u>			
		the Audit Committee or				
		the Technical Committee	' '			
			any amount for loss or damage			
		is made liable to pay any				
		amount for loss or	person or entity as a			
		damage suffered or	consequence of any of its acts			
		incurred by any person or	•			
		entity as a consequence	*			
		of any of its acts or	, .			
		omissions in the	an indemnification process to			
		performance of its duties,	be developed by the PEM			
		the PEMC shall	Board. Said indemnification			
		indemnify said persons				
		through an				
		indemnification process	and			
		to be developed by the	` '			
			incurred by the PEM Auditor			
		indemnification shall				
		cover:	<u>Committee</u> or the Technical			

ANNEX C

Proposed Amendments to the PEM Audit Manual

					Stakeholder Comments	Stakeholder
Title	Section	Original Provision	Proposed Amendment	Rationale	Otakeriolaer Comments	Rationale
		(a) The full amount	Committee, as applicable, in			11000000000
		adjudged; and	defending itself in the related			
		(b) The costs and	_			
		expenses incurred by the	3()			
		PEM Auditor and the				
		member of the Audit				
		Committee or the				
		Technical Committee, as				
		applicable, in defending				
		itself in the related				
		proceeding(s).				
	NEW		8 Amendment and Effectivity	Included the provision		
			of the Manual	normally part of any Manual		
			8.1 Any amendment to this			
			Manual shall be approved by			
			the DOE, following the			
			procedures for changes to			
			Market Manuals set out in the			
			WESM Rules and in the			
			relevant Market Manual.			
	NEW		8.2 This Market Manual, as it			
			may be amended from time to			
			time, shall be published in the			
			PEMC website.			

ANNEX C											
	Proposed Amendments to the PEM Audit Manual										
			PEM Audit	Manual							
Title	Section	Original Provision	Proposed Amendment	Rationale	Stakeholder Comments	Stakeholder Rationale					
			This Market Manual or any								
			amendment thereto shall								
			become effective upon								
			approval of the DOE in								
			accordance with WESM								
			Rules 8.6.4. The date of the								
			effectivity shall be indicated								

in this document.

ANNEX D

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the Retail Rules

Retail Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
Audit	1.4.3.1	The PEM Auditor shall:	The PEM Auditor Audit Committee shall:	Global change adopting PEM Audit Committee		
		Central Registration Body and	a) Oversee the Cconduct of the audit of the Central Registration Body and the systems, processes and procedures and other matters relevant to the operations of the Central Registration Body and the performance of its functions as set forth in these Retail Rules; and b) Test and check any new items or new versions of market-related	The Guidelines Governing the Constitution of the PEM Board Committees, already refer to PEM Audit Committee (PAC) — one of the PEM Committees headed by the PEM Auditor to perform duties in accordance with the WESM Rules composed of three (3) members, headed by the PEM Auditor.		
		b) Test and check any new items or new versions of market-related software used by the Central Registration Body or provided by the Central Registration Body for use by WESM members.	software used by the Central Registration Body or provided by the Central Registration Body for	Currently, the committee in charge of audits is already referred to as the PEM Audit Committee headed by a Chairperson. Although in the said Guidelines, reference is made to a PEM Auditor as the head of the PAC, the term is no longer being used to refer to the Chair of the PAC. It is intended that this change be reflected in the WESM Rules, in the Retail Rules as well as in the Guidelines above		

ANNEX D

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the Retail Rules

Retail Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
				mentioned and the PEM Audit Manual for clarity.		
Audit	1.4.3.2	The PEM Auditor shall	The PEM Auditor Audit	Global change adopting PEM		
		perform the functions stated in	Committee shall perform the	Audit Committee		
		clause 1.4.3.1 in accordance	functions stated in eClause 1.4.3.1			
		with Chapter 1 of the WESM	in accordance with Chapter 1 of			
		Rules and relevant Market	the WESM Rules and relevant			
		manuals.	Market m <u>M</u> anuals.			
Rights of	4.5.3.0	The only entities entitled to	The only entities entitled to have	Global change adopting PEM		
Access to		have either direct or remote	either direct or remote access to	Audit Committee		
Metering Data		access to metering data on a	metering data on a read only basis			
		read only basis from the	from the metering database or the			
		metering database or the	metering register in relation to a			
		metering register in relation to	metering point are:			
		a metering point are:				
		4.5.3.1 xxx	4.5.3.1 xxx			
		4.5.3.10 The PEM Auditor;	4.5.3.10 The PEM Auditor Audit			
			<u>Committee</u> ;			
Audit of	4.8.1	The PEM Auditor shall	The PEM Auditor Audit	Global change adopting PEM		
Metering	1.5.1	conduct review and audit of	Committee shall oversee the	Audit Committee		
Arrangements			conduct of the review and audit of	, isan committee		
, and igomonio		_	the metering arrangements and	The proposed change is		
		·	compliance of Retail Metering			

ANNEX D

Proposed Amendments to Provisions Related to Audit and Performance Monitoring Under the Retail Rules

Retail Rules

Title	Section	Provision	Proposed Amendment	Rationale	Stakeholder Comment/Revision	Stakeholder Rationale
		and the Central Registration	Services Providers and the Central	change in the WESM Rules		
		Body annually or for such	Registration Body to the	Clause 4.5.5.4 (proposed).		
		other period as determined by	requirements of the Retail Rules,			
		the PEM Board	its applicable Manuals and other	Market audits are conducted in		
			relevant laws and issuances.	consideration to the Manual of		
			The said review shall be	Approvals of PEMC. However,		
			conducted annually periodically	all market audit activities are		
			or for such other period as	determined and planned by the		
			determined by the PEM Audit	PEM Audit Committee.		
			Committee.			