

## Proposal on EPIRA Amendments

EPIRA IRR RULES	SECTIONS	REMARKS/COMMENTS	SUGGESTION/S
<p><b>RULE 5 GENERATION SECTOR</b></p>	<p><b>Sec. 3 OWNERSHIP LIMITATION</b></p> <p>No Generation Company, Distribution Utility, or its respective subsidiary or Affiliate or stockholder or official of a Generation Company or Distribution Utility, or other entity engaged in generating and supplying electricity specified by ERC within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall be allowed to hold any interest, directly or indirectly, in TRANSCO or its Buyer or Concessionaire. Likewise, the</p>	<p>Limitation as to blood or relationship for officer, owner, stockholder, of Generation Company or DU or Supplier within the 4<sup>th</sup> degree to hold any interest directly or indirectly in TRANSCO or its BUYER or CONCESSIONAIRE (vice versa)</p>	<p><b>Ownership Restriction:</b></p> <p><b>NO INTERLOCKING OF OWNERSHIP</b></p> <p><b>That NO generation company or its subsidiary or affiliate or stockholder or official or any of their relatives within the six civil degree of consanguinity or affinity, legitimate or common as specified by ERC shall be allowed to hold any interest, directly or indirectly to distribution utility, or other entity engaged in supplying electricity even if its shares of stocks is listed with PSE.</b></p>

	<p>TRANSCO or its Buyer or Concessionaire or any of its stockholders or officials or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall not hold any interest, whether directly or indirectly, in any Generation Company or Distribution Utility. Except for <i>ex officio</i> government-appointed representatives, no Person who is an officer or director of the TRANSCO or its Buyer or Concessionaire shall be an officer or director of any Generation Company, Distribution Utility or Supplier. This section shall not apply to PSALM during the</p>		
--	---	--	--

	<p>period that its generation assets are being privatized pursuant to Section 47 of the Act.</p>		
<p><b>RULE 6 TRANSMISSION SECTOR</b></p>	<p><b>Sec.3 OWNERSHIP LIMITATION</b></p> <p>The TRANSCO or its Buyer or Concessionaire or any of its stockholders, directors, officers or any of their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall not hold any interest, whether directly or indirectly, in any Generation Company, Distribution Utility, IPP Administrator and Supplier.</p>	<p><b>v</b></p> <p>Limitation as to blood or relationship for officer, owner, stockholder of TRANSCO or its BUYER or CONCESSIONAIRE within the 4<sup>th</sup> degree to hold any interest directly or indirectly in Generation Company or DU or Supplier (vice versa)</p>	

<p><b>RULE 7 DISTRIBUTION SECTOR</b></p>	<p><b>Sec.3 OWNERSHIP LIMITATION</b></p> <p>(a) A Distribution Utility and any of its subsidiaries, Affiliates, stockholders, directors, officers or their relatives within the fourth civil degree of consanguinity or affinity, legitimate or common law, shall not hold any interest, directly or indirectly, in the TRANSCO or its Buyer or Concessionaire, or the IMO.</p> <p>(b) The holdings of any Person, natural or juridical, including its directors, officers, stockholders, and their related interests in a</p>	<p>(a) Limitation as to blood or relationship for officer, owner, stockholder of DU within the 4<sup>th</sup> degree to hold any interest directly or indirectly in TRANSCO or its BUYER or CONCESSIONAIRE or the IMO (vice versa)</p> <p>(b) The holdings of any person (natural or juridical) and their respective holding companies shall not exceed 25% of the total voting shares</p> <p>Note: Does NOT apply to DU or holding companies are listed on PSE.</p> <p>(c) DU shall be required to sell to the public portion of not less than 15% of its common shares of stock not later than 5 yrs. Except those listed w/ PSE subject to ERC Rules, shall not apply to</p>	<p><b>Ownership Restriction:</b></p> <p><b>NO INTERLOCKING OF OWNERSHIP</b></p> <p>That NO distribution utility or its subsidiary or affiliate or stockholder or official or any of their relatives within the six civil degree of consanguinity or affinity, legitimate or common as specified by ERC shall be allowed to hold any interest, directly or indirectly to generation company, or other entity engaged in supplying electricity even if its shares of stocks is listed with PSE.</p>
--	--	---	---

	<p>Distribution Utility and their respective holding companies shall not exceed twenty-five percent (25%) of the total voting shares of stock. This shall not apply to a Distribution Utility or the company holding the shares or its controlling stockholders whose shares are listed in the PSE. Implementation of this provision shall be in accordance with the rules and regulations issued by ERC. This section shall not apply to ECs in accordance with Section 28 of the Act.</p> <p>(c) A Distribution Utility shall be</p>	<p>EC's in accordance w/Sec 28 of this Act.</p> <p>v</p>	
--	--	--	--

		<p>required to sell to the public a portion of not less than fifteen percent (15%) of its common shares of stock not later than five (5) years from the effectivity of the Act, except those Distribution Utilities or its respective holding companies listed in the PSE, subject to the rules and regulations of the ERC to be issued for this purpose.</p>		
<b>RULE 8 SECTOR</b>	<b>SUPPLY</b>	<p><b>Sec 3. OWNERSHIP LIMITATION AND RESTRICTIONS</b> (a) A Supplier or Affiliate thereof or any stockholder, director or officer or any of their relatives within the</p>	<p>Limitation as to blood or relationship for officer, owner, stockholder of SUPPLIER within the 4<sup>th</sup> degree to hold any interest directly or indirectly in TRANSCO or its BUYER or CONCESSIONAIRE or the IMO (vice versa)</p>	<p><b>Ownership Restriction:</b> <b>NO INTERLOCKING OF OWNERSHIP</b>  <b>That NO entity engaged in supplying electricity or its subsidiary or affiliate or stockholder or official or any of their relatives</b></p>

	<p>fourth civil degree of consanguinity or affinity, legitimate or common law, shall not own any interest, directly or indirectly, in TRANSCO or its Buyer or Concessionaire, or IMO.</p> <p>(b) Except for <i>ex-officio</i> government-appointed representatives, no Person who is an officer or director of the TRANSCO or its Buyer or Concessionaire shall be an officer or director of any Supplier.</p>	<p>Except for ex-officio capacity</p>	<p>within the six civil degree of consanguinity or affinity, legitimate or common as specified by ERC shall be allowed to hold any interest, directly or indirectly to generation company or distribution company even if its shares of stocks is listed with PSE.</p>

Note: The suggestion is not in conflict with the existing section 3 of EPIRA IRR of RULE 5,6,7 and 8 since it limits ownership and relationship with TRANSCO and its concessionaire with that of the generation company, distribution utility and entity engaged in supplying electricity.