| **Proposed Wholesale Electricity Spot Market (WESM) Code of Ethics** | | | | |
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| **Title** | **Provision** | **Stakeholders Comments** | **Stakeholders Rationale** | **Stakeholders Proposed Revision** |
| THE WESM INDUSTRY CODE OF ETHICS |  |  |  |  |
| FOREWORD | The WESM Industry Code of Ethics (“Code”) is essential in promoting a culture of compliance to the WESM Rules, fairness in dealings amongst WESM members and participants, and fostering an efficient, transparent and level playing field in the electricity market with the end view of promoting consumer welfare. Moreover, fairness promotes healthy and sustainable competition.  Thus, all WESM participants and members shall be consciously responsible for maintaining strong public and investors’ confidence in the WESM. It is of primary importance that all WESM participants and members abide by this Code and be aware of its significant provisions.  Thus, all WESM participants and members shall be consciously responsible for maintaining strong public and investors’ confidence in the WESM. It is of primary importance that all WESM participants and members abide by this Code and be aware of its significant provisions. |  |  |  |
| I. APPLICABILITY |  |  |  |  |
| Section 1. | This Code applies uniformly to all parties transacting, operating and/or providing service in the WESM, as follows:  a. WESM members;  b. Service Providers;  c. System Operator; and  d. Market Operator;  all collectively referred to herein as “WESM participants and members”. |  |  |  |
| Section 2. | The provisions of this Code shall apply and be suppletory in case the provisions of the WESM Rules or its Market Manuals does not so provide. |  |  |  |
| II. PRINCIPLES |  |  |  |  |
| Section 1. HONESTY AND INTEGRITY | All WESM participants and members shall:  a. observe the highest standards, and foster a culture, of honesty, transparency, integrity, fairness and competence in all dealings;  b. not commit anti-competitive, fraudulent, and deceitful practices in any form, and uphold free and fair competition;  c. not deliberately provide incorrect, misleading, or false information or data to relevant electricity industry authorities or WESM participants and members for whatever purpose;  d. aspire to preserve and improve the WESM, including all its instrumentalities and processes, at all times; and  e. honor and abide with all obligations, financial or otherwise, to the WESM and other WESM participants and members as a vital element of their participation and responsibilities to the WESM. |  |  |  |
| Section 2. FAIRNESS AND LEVEL PLAYING FIELD | All WESM participants and members shall at all times place the common interests of the WESM above their own self-interest.  They shall avoid entering into any kind of agreement and transaction with any party that will be inimical to the interest of WESM or create actual and potential conflicts of interest.  They shall not utilize or take advantage of insider information at the expense of other WESM participants and members and the WESM itself, whether gathered or obtained within or outside of the WESM.  WESM members and participants shall not propose or implement schemes or arrangements that shall frustrate the objective of free and fair competition and level playing field, provided that measures that are required to ensure the security and reliability of the network or system as may be allowed by the WESM Rules shall not be considered as frustrating the said objective. |  |  |  |
| Section 3. ACCOUNTABILITY AND DISCIPLINE | All WESM participants and members shall likewise observe proper decorum when dealing with other WESM participants and members, and/or when representing the WESM.  They shall maintain awareness of the corresponding accountabilities of a WESM participant and member. |  |  |  |
| Section 4. REPORTS, INFORMATION DISCLOSURE AND CONFIDENTIALITY | All WESM participants and members shall timely submit reports, data and documents as may be required by the Department of Energy, the Energy Regulatory Commission, the Philippine Competition Commission, WESM Governance Committees, and the Market Operator.  They shall act with prudence in the disclosure of all forms of data and communication that may impact market outcomes.  They shall respect the confidentiality of market information as provided for in applicable laws, WESM Rules and relevant Market Manuals.  They shall disclose to the Market Operator information that has come to their knowledge that may have or potentially have an adverse impact on WESM members and participants and the market at large, subject to existing rules on privileged information and confidentiality. |  |  |  |
| Section 5. COMPLIANCE WITH RULES, LAWS, POLICIES, AND REGULATIONS | All WESM participants and members shall promote a culture of compliance to the Market Rules and relevant Market Manuals.  They shall uphold all the applicable laws, Market Rules and relevant Market Manuals including those issued by the Department of Energy, Energy Regulatory Commission and the Philippine Competition Commission. |  |  |  |
| Section 6. REPORTING OF UNLAWFUL AND UNETHICAL BEHAVIOR | All WESM participants and members shall immediately report in writing to the Department of Energy, any and all unlawful and unethical activities committed or about to be committed by other WESM participants and members, including its officers and staff, that may come to their knowledge, so that the same may be investigated or appropriate action may be taken thereon by the Department. The Department may however refer the same to the relevant authorities, if necessary. |  |  |  |
| Section 7. PROFESSIONALISM | All WESM participants and members shall participate actively in all WESM activities and programs that require cooperation from WESM participants and members.  WESM members and participants shall strive for advancement and excellence within their own corporate or business organization in their respective membership in the WESM through continuing education and trainings either individually or collectively. |  |  |  |
| Section 8. COMPLIANCE | Finally, all WESM participants and members shall continually be aware and updated, and fully understand the provisions of this Code as may be amended or modified from time to time, and warrant that they shall strictly comply with the Code’s provisions as they undertake their daily WESM activities. All of these are being done for a better, fair, transparent and efficient WESM. |  |  |  |
| Section 9. PENALTY | Any violation of the Code shall be subject to the corresponding penalties as may be provided under the WESM Rules and Manuals. |  |  |  |
| III. EFFECTIVITY | This Code shall take effect upon approval by the Department of Energy and shall remain in full force and in effect until otherwise amended or revoked. This Code shall likewise be published in the websites of the Philippine Electricity Market Corporation and Independent Electricity Market Operator of the Philippines. |  |  |  |