



**Wholesale Electricity
Spot Market**

Proposed WESM Industry Code of Ethics

30 March 2015

Presentation

Purpose and Nature

Coverage

General Principles

Proposed WESM Industry Code of Ethics

Nature & Purpose

This is proposed to be promulgated by the Department of Energy through a Department Circular pursuant to its mandate as the policy maker for the industry and the market.

Underlying rationale is to foster efficiency of, transparency, accountability and fair competition in the market with the end in view of promoting consumer welfare; it is not simply to promote orderly conduct among participants.

Industry participants may have divergent and sometimes opposing concerns but ideally should be guided by a common standard of conduct.

Nature & Purpose

Intended to prescribe general standards of behaviour which participants are enjoined to follow voluntarily.

These standards are meant to complement and not supplant or infringe on other regulatory issuances governing industry participant behaviour.

Breach, anti-competitive behaviour and market power abuse, and imposition of corresponding sanctions are governed by more specific and relevant laws, market rules, market manuals, and regulatory issuances.

Coverage

Applies uniformly to all parties transacting, operating and providing service in the WESM

- WESM Members (Generation Company & Customer Trading Participants, Retail Electricity Suppliers, Contestable Customers, and all other Direct and Indirect WESM Members)
- Service Providers (Network Service Providers and Distribution Utilities, and Metering Services Providers)
- System Operator
- Philippine Electricity Market Corporation

General Principles & Objectives

- Code of ethics is essential in fostering transparency and level playing field in the electricity market.
- By observing fairness, industry participants promote healthy and sustainable competition.
- Professionalism and integrity in the electricity market are essential for maintaining strong public and investors' confidence in the WESM.

WESM Industry Code of Ethics

- *Act with professionalism, integrity, fairness and competence in all dealings;*
- *Refrain from anti-competitive practices in any form;*
- *Observe a professional, honest and credible composure when representing the industry;*

WESM Industry Code of Ethics

- *Uphold all the applicable laws and rules governing the WESM including the Department of Energy policy issuances and Energy Regulatory Commission regulatory issuances;*
- *Promote a culture of compliance with the market rules within and outside of the WESM Participants' and WESM Member's organizations;*
- *Report all observed unlawful and ethical activities of the WESM Participants, WESM Members, the Market Operator and the System Operator;*

WESM Industry Code of Ethics

- *Place the common welfare of the electricity industry stakeholders above self-interests;*
- *Maintain awareness of the corresponding accountabilities of a WESM Participant, WESM Member, the Market Operator and the System Operator;*

WESM Industry Code of Ethics

- *Avoid entering into any kind of agreement and transaction that will create actual and potential conflict of interest;*
- *Honor all financial obligations to other trading participants as a vital element of their participation and responsibilities in the WESM;*

WESM Industry Code of Ethics

- *Act with prudence in all forms of communication that will impact market outcomes;*
- *Inhibit from capitalizing on (i.e., making use of) insider information at the expense of fellow trading participants and the WESM itself whether consummated within or outside the WESM;*

WESM Industry Code of Ethics

- *Respect the confidentiality of market information as provided for in the laws and rules governing the WESM;*
- *Disclose to the market all WESM Participant, WESM Member, Market Operator and System Operator information as required by and in accordance with existing laws, market rules, policy circulars and regulatory edicts as well as any similar future promulgations;*

WESM Industry Code of Ethics

- *Strive for advancement in the industry through continuing education and training either individually or collectively;*
- *Aspire to preserve and improve the WESM including all its processes and instrumentalities at all times;*
- *Participate actively in all periodic WESM audits that requires cooperation from WESM Participants, WESM Members, the Market Operator and the System Operator;*

WESM Industry Code of Ethics

- *Finally, all WESM Participants, WESM Members, the Market Operator, the System Operator, and the Philippine Electricity Market Corporation (PEMC) are aware of, and fully understand the provisions of this Code, and warrant that they shall comply with the Code's provisions as they undertake their daily WESM activities. All of these being done for a better, fair and efficient WESM.*