

HIGHLIGHTS

The average demand (including the average reserve schedule), recorded at 9,857 MW in January 2021, was lower than the previous billing at 10,423 MW and lower than same month last year at 10,312 MW. From 01–10 January 2021 – the National Capital Region, Isabela, Santiago City, Batangas, Iloilo City, Tacloban City, Iligan City, Lanao del Sur, Davao del Norte and Davao City were under the General Community Quarantine (GCQ) while the rest of the country was under the Modified General Community Quarantine (MGCQ). Laoag City was added to the list of areas under the GCQ on 11 January. Tuguegarao City is under the Enhanced Community Quarantine (ECQ) starting 20 January.

An average supply margin of 2,270 MW was observed in this period, lower by 8 percent than December 2020 figures and lower by 18 percent than January 2020.

The WESM registered capacity stood at 20,872 MW by the end of the billing month.

The outage capacity averaged at 4,516 MW. About 70% of which involved coal plants while, in terms of category, about 59% were forced outages.

This period experienced an average effective supply of 12,127 MW, lower than the 12,892 MW of the previous billing month and lower than the 13,066 MW in January 2020.

Average GWAP reached PHP 2,669/MWh from PHP 2,109/MWh in December 2020. This is lower than the PHP 2,767/MWh of same month last year.

The secondary price cap was not imposed during the January 2021 billing month.

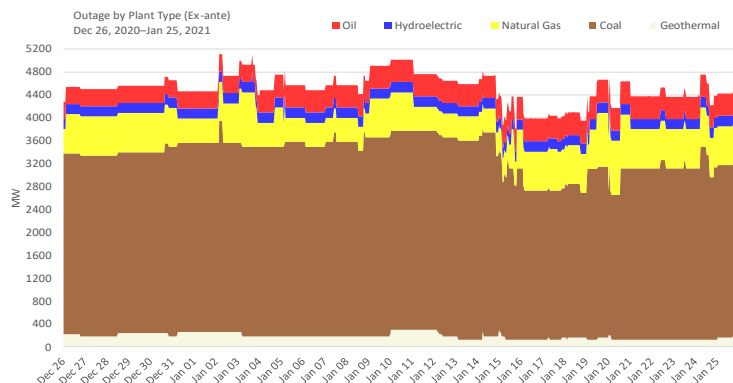
The top 5 participant groups accounted for about 76% of the average offered capacity. The Herfindahl-Hirschman Index (HHI) by major participant grouping indicated a moderately concentrated market based on the registered capacity and the offered capacity.

Based on the effective supply, the pivotal plants during the billing month were –

1. Ilijan Natural Gas Power Plant (about 8.33% of the time)
2. Sta. Rita Natural Gas Power Plant (about 1.88% of the time)
3. Pagbilao Coal-Fired Thermal Power Plant (about 0.54% of the time)
4. Masinloc Coal-Fired Thermal Power Plant (about 0.27% of the time)
5. SMC Limay Coal-Fired Thermal Power Plant (about 0.13% of the time)

The offer pattern analysis shows a decrease in quantity for the coal plants and an increase in price for the coal and oil-based plants during the January 2021 billing month compared with the previous billing month. The decrease in quantity for the coal plants was due to the outage of some coal plants.

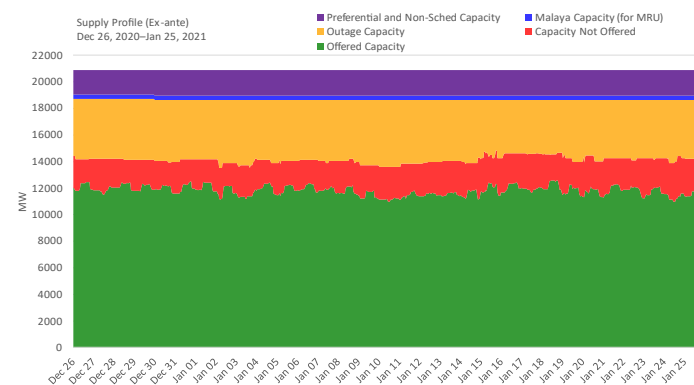
OUTAGE CAPACITY BY PLANT TYPE



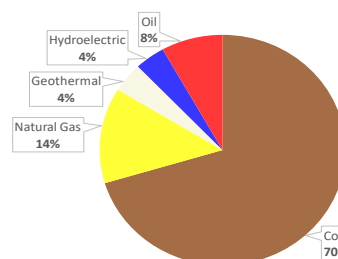
SUMMARY (PRICE, SUPPLY, DEMAND AND RESERVE SCHEDULE)

Particulars		January 2021 Billing Month	Previous Billing Month (December 2020)	Same Billing Month, Prev. Year (January 2020)	Percent Change From	
					Prev. Billing Month	Same Billing Month, Prev. Year
GWAP (PHP/MWh)	max	21,339.95	13,446.41	11,873.67	58.70%	79.72%
	min.	0.00	-8,920.70	-0.17	100.00%	100.00%
	w. ave.	2,668.83	2,109.46	2,766.72	26.52%	-3.54%
Effective Supply (MW)	max	13,475.96	14,292.02	15,033.21	-5.71%	-10.36%
	min.	10,513.00	11,701.00	10,939.95	-10.15%	-3.90%
	ave.	12,127.39	12,891.59	13,066.44	-5.93%	-7.19%
System Demand (MW)	max	11,035.83	11,597.17	11,692.01	-4.84%	-5.61%
	min.	5,924.08	6,733.00	6,542.73	-12.01%	-9.46%
	ave.	8,736.55	9,364.88	9,324.05	-6.71%	-6.30%
Demand + Reserve Schedule (MW)	max	12,087.43	12,856.07	12,732.05	-5.98%	-5.06%
	min.	6,658.08	7,444.40	7,256.73	-10.56%	-8.25%
	ave.	9,857.47	10,423.17	10,312.20	-5.43%	-4.41%
Supply Margin (MW)	max	5,004.73	4,995.76	4,861.86	0.18%	2.94%
	min.	570.52	753.85	740.07	-24.32%	-22.91%
	ave.	2,269.92	2,468.41	2,754.24	-8.04%	-17.58%

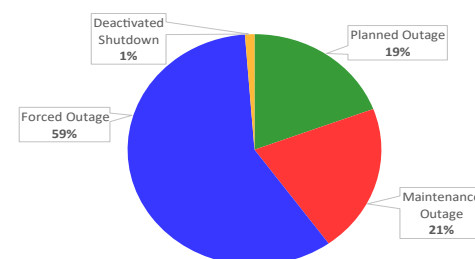
SUPPLY PROFILE



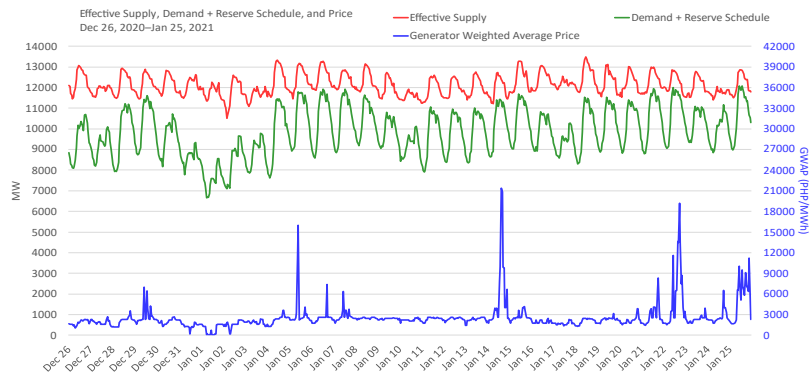
OUTAGE CAPACITY BY PLANT TYPE



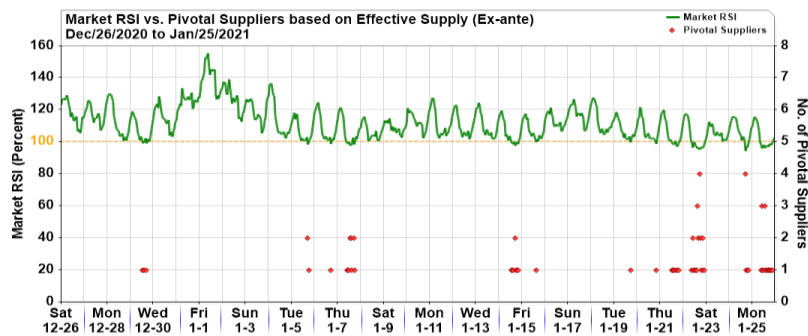
OUTAGE CAPACITY BY OUTAGE CATEGORY



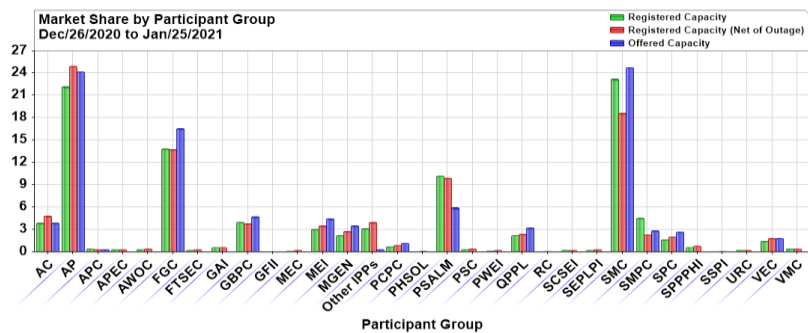
SUPPLY, DEMAND AND PRICE



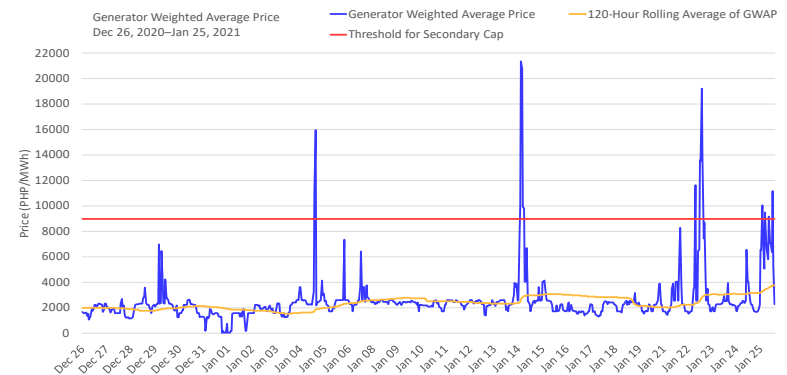
MARKET RSI VS PIVOTAL PLANTS



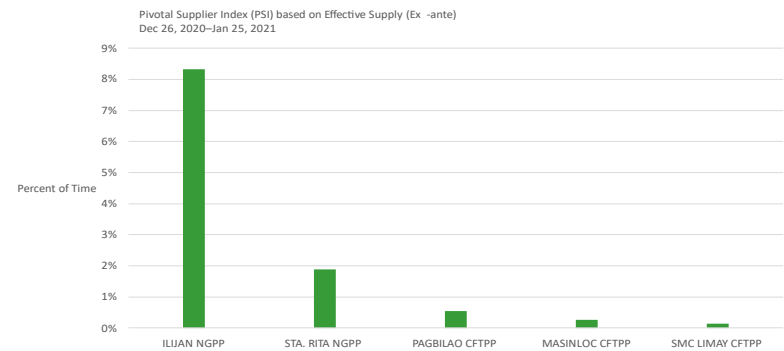
MARKET SHARE



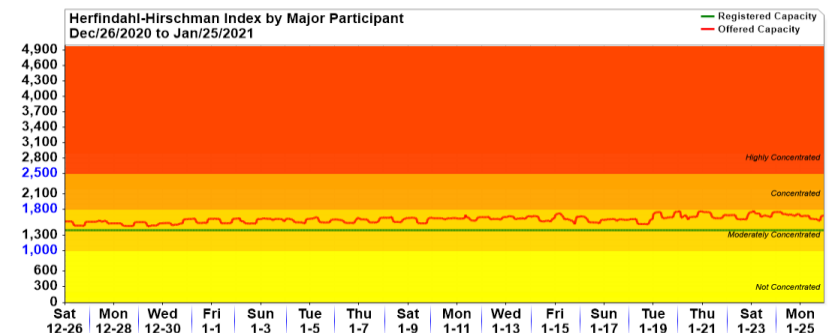
GENERATOR WEIGHTED AVERAGE PRICE



PSI



HERFINDAHL-HIRSCHMAN INDEX



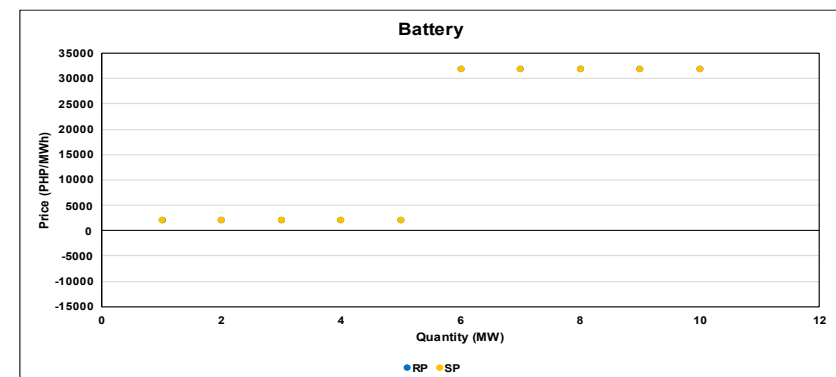
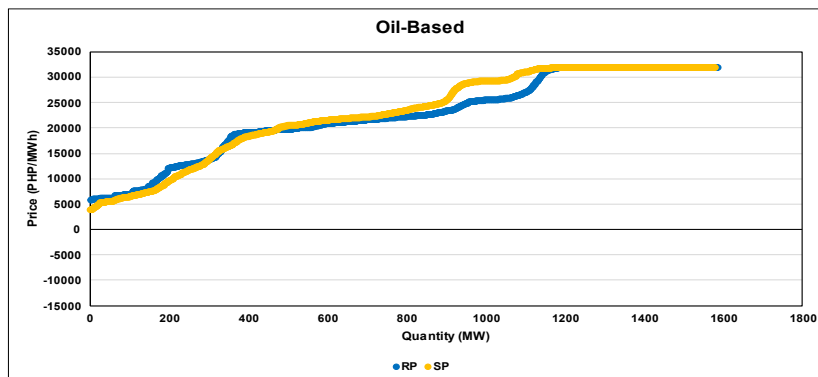
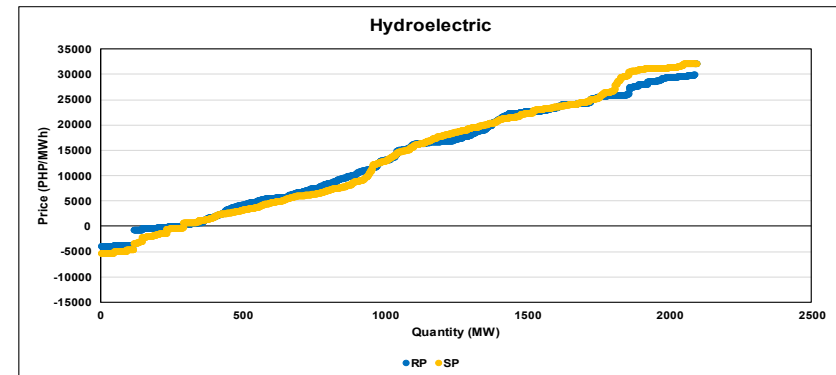
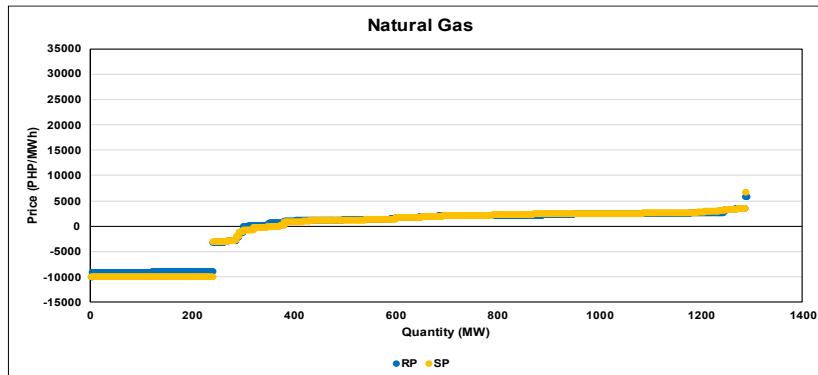
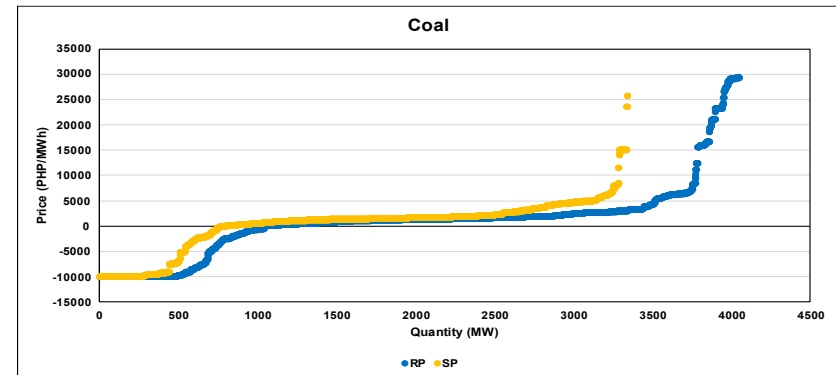
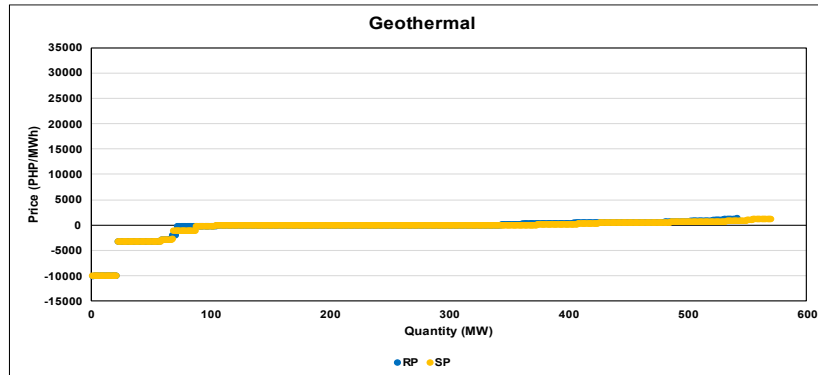
OFFER PATTERN ANALYSIS

Legend

RP: Reference Offer Price – December billing month (26 November 2020 to 25 December 2020, was used as a control for the comparison with the subject price)

SP: Subject Offer Price – January billing month (26 December 2020 to 25 January 2021)

Note: Pmin capacities were excluded in this Offer Pattern Analysis.



GLOSSARY OF TERMS

HERFINDAHL-HIRSCHMAN INDEX (HHI) - is a commonly accepted measure of market concentration that takes into account the relative size and distribution of participants in the market. The HHI is a number between 0 and 10,000, which is calculated as the sum of squares of the participant's market share. The HHI approaches zero when the market has very large number of participants with each having a relatively small market share. In contrary, the HHI increases as the number of participants in the market decreases, and the disparity in the market shares among the participants increases. The following are the widely used HHI screening numbers: (1) less than 1,000 - not concentrated; (2) 1,000 to 1,800 - moderately concentrated; (3) greater than 1,800 - concentrated; and (4) greater than 2,500 - highly concentrated.

The HHI is calculated using the (i) registered capacity, (ii) registered capacity net of outage, (iii) offered capacity, (iv) metered quantity, and (v) spot transaction (metered quantity net of bilateral contract declarations).

MARKET RESIDUAL SUPPLY INDEX (Market RSI) - The RSI is a dynamic continuous index measured as ratio of the available generation without a generator to the total generation required to supply the demand. The RSI is measured for each generator. The greater the RSI of a generator, the less will be its potential ability to exercise market power and manipulate prices, as there will be sufficient capacity from the other generators. In contrary, the lower the RSI, the greater the market power of a generator (and its potential benefit of exercising market power), as the market is strongly dependent on its availability to be able to fully supply the demand. In particular, a RSI greater than 100% for a generator means that the remaining generators can cover the demand, and in principle that generator cannot manipulate market price. On the other hand, a RSI less than 100% means that the generator is pivotal in supplying the demand.

The RSI for the whole market (Market RSI) is measured as the lowest RSI among all the generators in the market. A Market RSI less than 100% indicates the presence of pivotal generator/s.

PRICE SETTING FREQUENCY INDEX (PSFI) - A generator trading node is considered as a price setter when its last accepted offer price is between 95% to 100% of its nodal price. A generating plant is considered as price setter if at least one of its trading nodes was price setter in a given trading hour. The price setters are determined from: (i) ex-ante for trading intervals without pricing error during ex-ante, (ii) ex-post with pricing error during ex-ante but without pricing error during ex-post, (iii) market re-run results for trading intervals with pricing error both in ex-ante and ex-post, and (iv) trading intervals where the price substitution methodology (PSM) was applied. For trading intervals affected by PSM, the unconstrained marginal plants are considered price setters. Further, in instances of regional price separation, price setters are determined separately for each region.

MARKET SHARE - The fraction of the total capacity or energy that a company or related group owns or controls in the market.

PIVOTAL SUPPLIER INDEX (PSI) - The pivotal supplier index is a binary variable (1 for pivotal and 0 for not pivotal) for each generator. The index identifies whether a generator is pivotal in supplying the demand. The PSI is calculated as the percentage of time that a generator is pivotal in a period (i.e. monthly).

CAPACITY FACTOR - The index assesses the performance of the generators in the market. A high capacity factor indicates the high utilization of the generators.

CAPACITY PROFILE - The hourly factors affecting supply, which include, among others, the offered capacity, outage capacity and ancillary services schedule.

MAJOR PARTICIPANT GROUP - The grouping of generators by ownership or control.

REGISTERED CAPACITY - The capacity registered by a generator with WESM.

REGISTERED CAPACITY (NET OF OUTAGE) - The capacity registered by a generator with WESM less capacity on outage.

OFFERED CAPACITY - The hourly offer to supply electricity submitted by a generator.

METERED QUANTITY - The hourly quantity of electricity generated by a generator.

SPOT TRANSACTION - The hourly quantity of electricity sold to the market by a generator net of bilateral contract declaration accounted for in the settlement.

ANCILLARY SERVICES SCHEDULES - The hourly quantity scheduled by the System Operator to provide regulating, contingency and dispatchable reserves.

EFFECTIVE SUPPLY - The hourly effective supply is equal to the offered capacity of all scheduled generator resources, nominated loading level of non-scheduled generating units and projected output of preferential dispatch generating units, adjusted for any security limit provided by the System Operator and other constraints considered during MMS simulation such as generator offered ramp rates. Scheduled output of plants on testing and commissioning through the imposition of security limit by SO and scheduled output of Malaya plant when it is called to run as Must Run Unit (MRU) are likewise accounted for in the effective supply.

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