

PEMC MARKET ASSESSMENT HIGHLIGHTS

The average demand was recorded at 11,114 MW during the week of 14 - 20 Jun 2021. This was higher than the previous week's 10,525 MW and also higher than the same week of last year's 10,085 MW. Starting 16 June – Santiago City, Cagayan, Apayao, Ifugao, Lucena City, Bataan, Puerto Princesa, Naga City, Iloilo City, Iloilo, Negros Oriental, Zamboanga City, Zamboanga Sibugay, Zamboanga del Sur, Zamboanga del Norte, Cagayan de Oro City, Davao City, Butuan City, Agusan del Sur, Dinagat Islands and Surigao del Sur are under the MECQ; Rizal, Laguna and Cavite are under the GCQ "with heightened restrictions"; the NCR and Bulacan are under the GCQ "with some restrictions"; Baguio City, Kalinga, Mountain Province, Abra, Benguet, Isabela, Nueva Vizcaya, Quirino, Batangas, Quezon, Iligan City, Davao del Norte, General Santos City, Sultan Kudarat, Sarangani, Cotabato, South Cotabato, Lanao del Sur and Cotabato City are under the GCQ; and the rest of the country is under the MGCQ.

Market Operator-initiated Market interventions were declared in Luzon and Visayas from 1800H to 2100H on 16 June 2021 due to hardware failure which intervals will be accordingly settled using administered prices. No secondary cap was imposed during the week.

The WESM registered capacity stood at 20,938 MW by the end of the week.

The outage capacity averaged at 1,752 MW, which was lower than last week's 1,927 MW due to notable resumption of hydro power plants operations. About 61% of this involved coal plants, while in terms of category, about 72% were Forced Outages.

The average effective supply during the week was 13,608 MW, higher than the 13,540 MW of the previous week and lower than the 13,615 MW during the same week last year.

An average supply margin of 1,372 MW was observed during the period, which is lower by about 28% relative to the previous week and lower by about 42% in comparison with the same week last year.

Driven by the tighter supply margin, average GWAP was recorded at PHP 6,682/MWh higher than PHP 3,636/MWh last week. This is also higher than the PHP 2,001/MWh from the same week last year.

The top 5 participant groups accounted for about 77% of the offered capacity. The Herfindahl-Hirschman Index (HHI) by participant group indicated a moderately concentrated market based on the registered and offered capacities.

Based on the effective supply, the top 5 pivotal plants during the week were –

1. SUAL CFTPP (about 42.26% of the time)
2. ILUAN NGPP (about 33.93% of the time)
3. STA RITA NGPP (about 32.14% of the time)
4. MASINLOC CFTPP (about 25.5% of the time)
5. PAGBILAO CFTPP (about 16.07% of the time)

The offer pattern analysis recorded an increase in quantity on geothermal, hydro, and natural gas plants. Moreover, average offer price demonstrated notable decrease in oil-based plants.

IEMOP MARKET SYSTEMS ADVISORY

Technical problem in the database was encountered in June 16, 2021 leading to Market Intervention

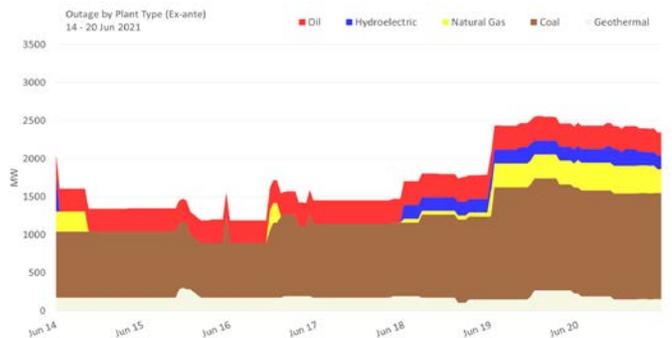
SUMMARY (PRICE, SUPPLY, DEMAND AND RESERVE SCHEDULE)

Particulars	14 - 20 Jun 2021	Previous Week (07 - 13 Jun 2021)	Same Week, Previous Year (15 - 21 Jun 2020)	Percent Change From		
				Previous Week	Same Week, Previous Year	
GWAP (PHP/MWh)	max	32,769.44	19,897.82	3,259.32	64.69%	905.41%
	min.	2,189.33	1,820.56	973.69	20.26%	124.85%
	w. ave.	6,682.35	3,636.42	2,001.22	83.76%	233.91%
Effective Supply (MW)	max	15,387.68	14,889.94	14,856.33	3.34%	3.58%
	min.	11,737.10	12,400.79	12,193.30	-5.35%	-3.74%
	ave.	13,608.25	13,540.24	13,615.21	0.50%	-0.05%
System Demand (MW)	max	13,385.78	13,085.88	12,233.97	2.29%	9.41%
	min.	8,706.60	8,134.77	7,802.77	7.03%	11.58%
	ave.	11,114.00	10,525.15	10,084.70	5.59%	10.21%
Demand + Reserve Schedule (MW)	max	14,686.48	14,136.57	13,522.37	3.89%	8.61%
	min.	9,654.00	9,030.27	8,793.49	6.91%	9.79%
	ave.	12,202.51	11,631.39	11,238.56	4.91%	8.58%
Supply Margin (MW)	max	2,945.67	3,370.52	3,553.09	-12.60%	-17.10%
	min.	2.61	274.37	1,142.52	-99.05%	-99.77%
	ave.	1,372.26	1,908.86	2,376.65	-28.11%	-42.26%

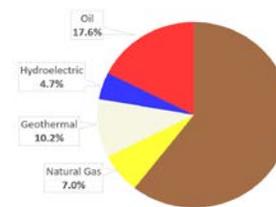
SUPPLY PROFILE



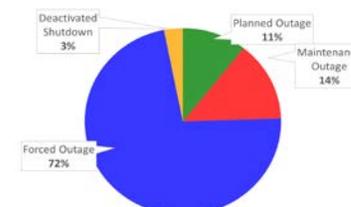
OUTAGE CAPACITY BY PLANT TYPE



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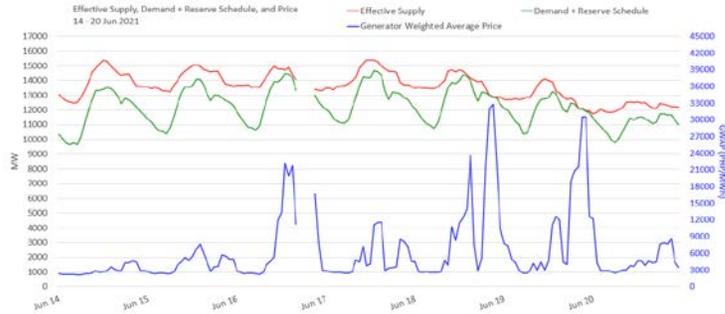


OUTAGE CAPACITY BY OUTAGE CATEGORY





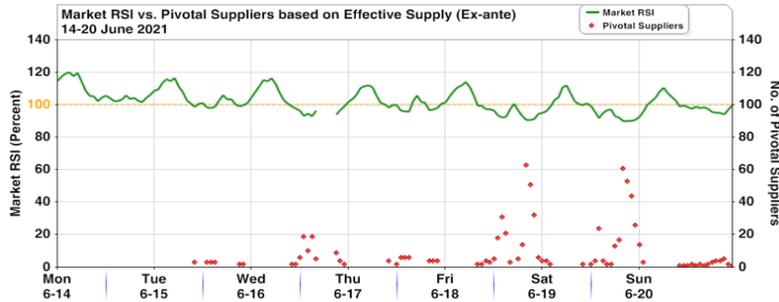
SUPPLY, DEMAND AND PRICE



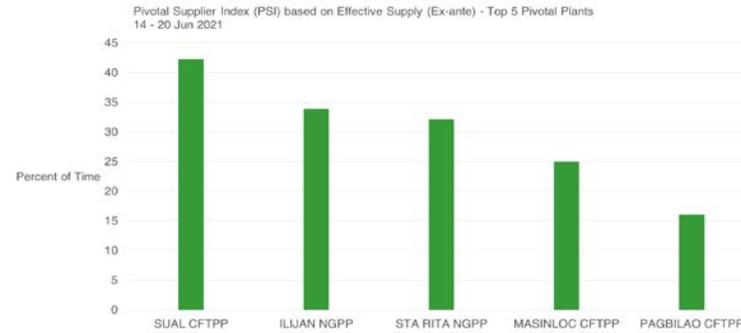
GENERATOR WEIGHTED AVERAGE PRICE



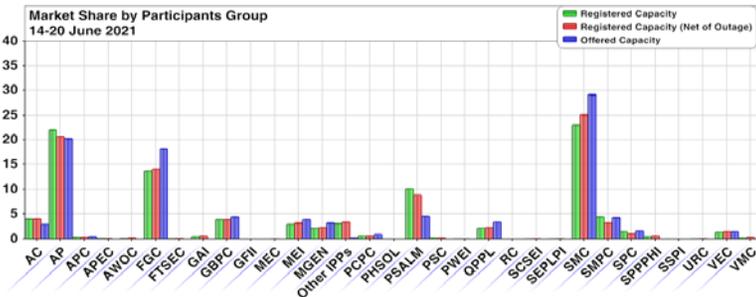
MARKET RSI VS PIVOTAL PLANTS



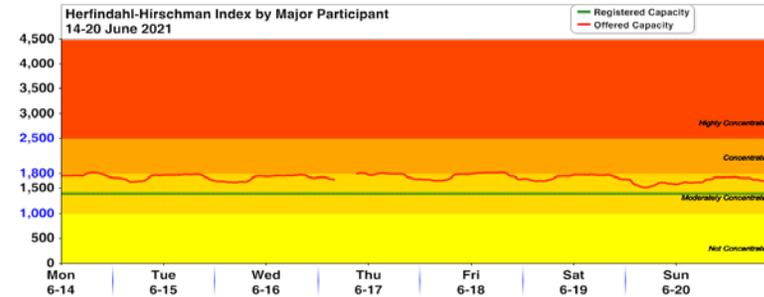
PSI



MARKET SHARE



HERFINDAHL-HIRSCHMAN INDEX



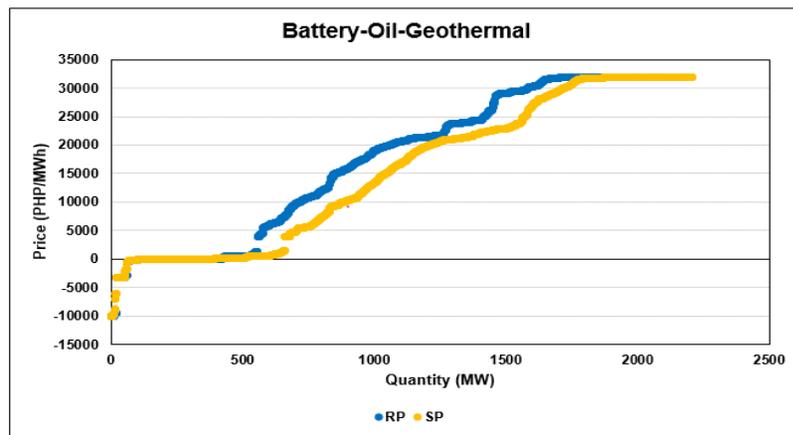
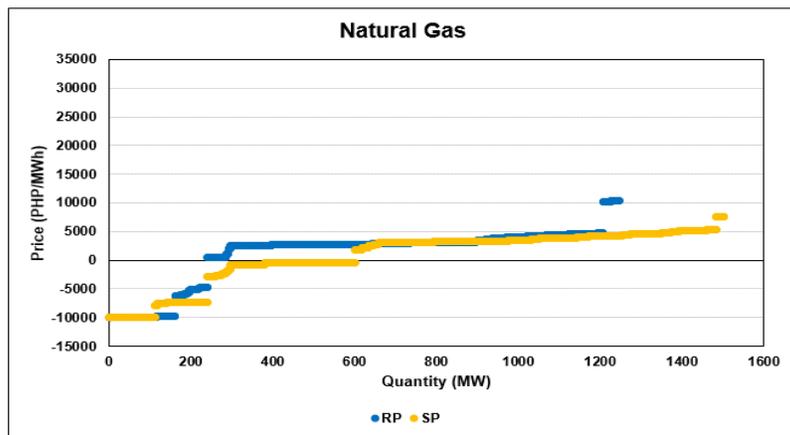
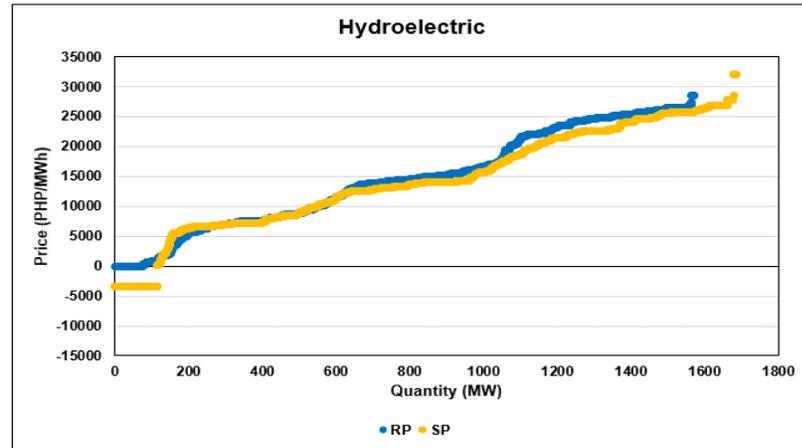
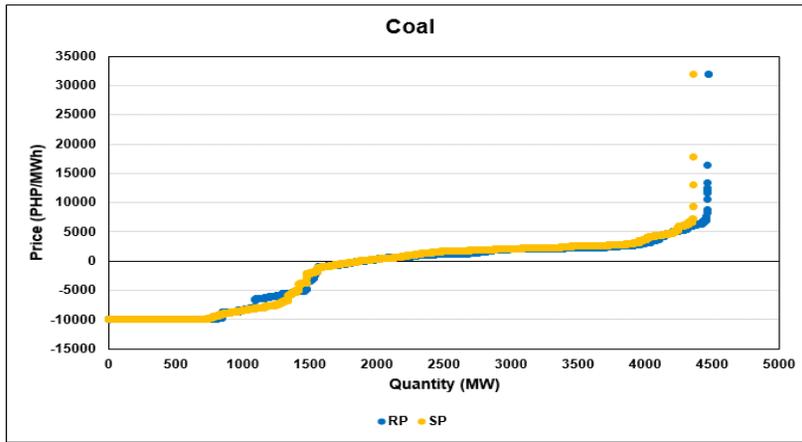
OFFER PATTERN ANALYSIS

Legend

RP: Reference Offer Price – the week of 07–13 June 2021 was used as a control for the comparison with the subject price

SP: Subject Offer Price – the week of 14–20 June 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 bilateal 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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