



# **Market Surveillance Committee Quarterly Accomplishment Report**

**October to December 2022**

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This Report is prepared by the  
Philippine Electricity Market Corporation –  
Market Assessment Group for the  
Market Surveillance Committee

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## **I. Introduction**

Pursuant to Section 1.6.2 of the WESM Rules and Section 3.1 of the Market Surveillance Manual (MSM) Issue 1<sup>1</sup>, the Market Surveillance Committee (MSC) carried-out its mandate for the monitoring and assessment of market outcomes in the WESM and the Retail Market<sup>2</sup>, with the PEMC-Market Assessment Group (MAG) as its primary support unit.

In performing its responsibilities, the MSC conducted regular monthly meetings, and frequently communicated through email and other platforms to deliberate on various matters under its jurisdictions and other market issues.

For the duration of the covered period, the MSC continued to conduct online meetings, following the National Government's implementation of quarantine measures during the COVID-19 Pandemic. Accordingly, during the 4<sup>th</sup> quarter of 2022, the MSC conducted three (3) regular<sup>3</sup> meetings, two of which were held online and one (1) face to face.

Accomplishments of the MSC during the covered period are outlined in the succeeding sections of this Report.

## **II. Accomplishments**

### **1. Activities on Market Monitoring and Assessment**

#### **1.1. Monitoring and Assessment of Market Outcomes in the WESM**

Pursuant to MSM Section 3.1 (b)<sup>4</sup>, the MSC continued with its monitoring and assessment of market outcomes, as well as the bidding behavior of generator-trading participants (TPs).

The Market Assessment Report (MAR) is prepared for the purpose of monitoring and assessing the efficiency and competitiveness of the WESM under different timescales and market conditions. The periodic Reports include an assessment of market behavior, through the analysis of market monitoring indices, as contained in the Catalogue of Market Monitoring Data and Indices (CMMDI).

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<sup>1</sup> Effective 23 October 2021

<sup>2</sup> Section 1.5.1, Retail Rules: *The provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition in the WESM, the operations of the Central Registration Body, and the participation and transactions in the WESM of Suppliers and Contestable Customers.*

<sup>3</sup> MSC (Regular) Meeting No. 2022-12 held on 11 October 2022; MSC (Regular) Meeting No.2022-13 held on 17 November 2022; and MSC (Regular) Meeting No. 2022-14 held on 06 December 2022.

<sup>4</sup> MSM Section 3.1(b): *The MSC shall have following responsibilities: (a) xxx; (b) prepare and submit monthly monitoring reports, quarterly retail market monitoring reports, annual reports; xxx*

### 1.1.1. Monthly Market Assessment Reports

During the quarter, the MSC assessed WESM results for the billing months of March to May 2022, as discussed in the Monthly Market Assessment Highlights prepared by MAG, and as reviewed by the MSC.

Billing Month	MSC Assessment Highlights
September 2022	<p>During the covered billing month, the system demand increased, from 10,629 MW to 10,822 MW, even with the onset of the Rainy season. Meanwhile, the average effective supply recorded a decline, from 12,181 MW to 12,106 MW, due to the observed high level of capacities on outage and ramp limited capacities for the billing month, among others. As a result, the WESM prices significantly increased, from PhP6,890/MWh to PhP8,821/MWh, attributed to the depleted supply margin.</p> <p>In addition, the Luzon Grid was briefly placed under red and yellow alert levels due to outages of transmission lines and power plants. Unusual pricing conditions still persisted during the month under review, while some Luzon transmission lines were down after the onslaught of Typhoon Karding.</p>
October 2022	<p>The system demand continued to increase from 10,822 MW to 10,984 MW due to, among others, increase in commissioning test of battery power plants as load. Meanwhile, the effective supply increased from 12,105 MW to 12,190 MW despite the noted high level of capacities on outage. As a result of these factors, the WESM prices for the covered billing month continuously increased, from PhP8,821/MWh to PhP8,917/MWh, likewise attributed to the depleted supply margin at an average of 339 MW.</p> <p>During the covered billing month, the SO was able to restore the damaged 138kV Samboan-Amlan submarine line in Visayas. On the other hand, the following seven (7) Ilocos Norte towns experienced black out due to the onslaught of Typhoon Neneng:</p> <ul style="list-style-type: none"> <li>• Adams</li> <li>• Bangui</li> <li>• Burgos</li> <li>• Carasi</li> <li>• Dumalneg</li> <li>• Pasuquin</li> <li>• Pagudpud</li> </ul>
November 2022	<p>Unlike the previous billing months, the system demand decreased from 10,984 MW to 10,462 MW mainly due to the onset of rainy season and cooler temperature. Meanwhile, the effective supply declined from 12,190 to 11,696 MW despite the noted high level of capacities on outage. With this, the WESM average price decreased from PhP8,917/MWh to PhP8,212/MWh owing to lower demand level and higher supply margin of 393 MW from 339 MW last month.</p>

Billing Month	MSC Assessment Highlights
	<p>During the onslaught of Typhoon Paeng, the following transmission lines went on outage and subsequently affected several power plants:</p> <ul style="list-style-type: none"> <li>• Bacman Geothermal Power Plant</li> <li>• Quezon Power Philippines Ltd.'s (QPPL) Coal-Fired Power Plant</li> <li>• Two (2) units of Pagbilao Coal-Fired Power Plant</li> </ul> <p>There was a Temporary Restraining Order (TRO) issued by the Court of Appeals (CA) suspending the implementation of Power Supply Agreement (PSA) between San Miguel Corporation (SMC) and MERALCO for sixty (60) days. Furthermore, based on the forecast and statement issued by the DOE, it is expected that there may be three (3) red and seventeen (17) yellow alert impositions to the grid during the first quarter of 2023.</p>

MARs are prepared upon availability of the processed and revalidated data which are still affected by the data and procedural concerns encountered by PEMC and the Independent Electricity Market Operator of the Philippines (IEMOP).

### 1.1.2. Annual Market Assessment Report

The MSC assessed the market outcomes for the period of 26 November 2020 to 25 November 2021. The assessment was divided into two regimes to determine the condition of the market before and after the transition to the 5-minute market regime. The highlights of the assessment were as follows:

#### *Pre-Enhanced WESM Design Operation (Pre-EWDO)*

- Relatively low level of demand was observed due to the community quarantine that was enforced brought about by the COVID-19 pandemic.
- Due to scheduled maintenance approved by the Grid Operating Maintenance Program (GOMP) of the NGCP and technical problems with the generating units made worse by the restriction of natural gas from the SPEX Malampaya, high level of capacities on outage was observed.
- Driven by depressed demand, high level of average supply margin was noted even with the observance of high capacities on outage. As a result, consistent low market prices were observed.
- No administered price and secondary price cap were imposed during the Cool Dry season (26 Nov 2020 to 25 Feb 2021). Cumulative price threshold was breached for a total of 55 intervals starting from 04 May 2021 01:00 AM to 22 May 2021 03:00 AM resulting in the imposition of the secondary price cap. The last time this occurred was in June 2019.
- Deration in the available capacity of natural gas plants occurred due to SPEX
- Malampaya gas supply restriction effective 22 March 2021, 10:00 PM.

- High level of capacities on outage persisted during the hot dry season due to forced outages of various power plants.
- Damaged Samboan-Amlan 138KV submarine cable caused the line transfer capacity between Cebu and Negros to be diminished (180 MW to 90 MW), resulted in frequent congestions. Based on the ERC order, PEMC was ordered to halt collection of congestion fees associated with the incident.

#### *Enhanced WESM Design Operation (EWDO)*

- Prices in the market were generally trending up due to the drop in effective supply and subsequently led to supply margins thinning out. As a result, the number of secondary price cap impositions rose.
- Extreme nodal price separation took place among the islands of Negros, Panay, and Bohol caused by the damaged submarine cable.
- The new market regime (5-minute market) was observed to have had more secondary price cap impositions compared to the previous regime (1-hour market). This was especially persistent in June and July 2021.
- Power plants that relied on fuel from the Malampaya's natural gas production had to shut down following the SPEX Malampaya Maintenance Program in October 2021.

## **1.2. Assessment of Over-Riding Constraints**

Similar with the MAR, the monitoring of over-riding constraints (OC) is likewise affected by the data and procedural concerns encountered by PEMC at the start of the Enhanced WESM Design and Operation (EWDO) on 26 June 2021 as well as the additional data concerns which led to the necessity to revalidate data before utilizing the same in the Committee reports. Nevertheless, reports were prepared as soon as the processed data were made available.

### **1.2.1. Monthly Over-riding Constraints Reports**

Pursuant to Market Surveillance Manual Section 3.1 (b.iii)<sup>5</sup>, the MSC reviewed the assessment results on the over-riding constraints imposed on generator-TPs for the period 26 August to 25 November 2022. Some assessment highlights are as follows:

- Majority of the events were categorized under non-security limit, mainly related to the conduct of testing and commissioning (T&C).
- The security limit impositions noted were mainly for the designation of generators as a Must-Run Unit (MRU) to address real power balancing and frequency control to the Luzon grid.

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<sup>5</sup> MSM Section 3.1(b) *The MSC shall have following responsibilities: (a) xxx; (i) Review Over-Riding Constraints; xxx*

- Decrease in the impositions for September to November 2022 were mainly due to completion of testing and commissioning (T&C) of several plants, decrease of impositions accounted to performance tests, as well as the issuance of Final Certificate of Approval to Connect (FCATC) of some plants.
- September billing month saw a decrease of about 752 MW in capacities with OC impositions from the August billing month but did not affect the total system capacity due to the issuance of Provision Authority to Operator (PAO) by the ERC, allowing the plants with completed T&C to operate commercially.
- 2,489 real-time MRU designations were attributable to forty-seven (47) plants (coal, hydro, and oil-based plants) in order to address real-power balancing of the grid.
- The impositions of OC provided relief on the prevailing market prices due to its nature as price takers but may also have pricing distortionary impact by decreasing the real cost of generation, which may be detrimental to the market's ability to remain sustainable in the long term.

The Committee likewise discussed the requested updates from IEMOP on the status of plants under T&C. The approved reports were duly published in the PEMC website for information.

### **1.2.2. Annual Over-riding Constraints Report**

The MSC reviewed the results of the monitoring for over-riding constraints impositions for the billing year 2021 which covers the period from 26 December 2020 to 25 December 2021. The report was divided into two sections: pre-EWDO (1 hour market) and during EWDO (5-minute market) regime, in compliance with the WESM Rules and Market Manuals.

#### *Pre-Enhanced WESM Design Operation (Pre-EWDO)*

- An increase of 10.42% was noted during the pre-EWDO compared to the similar covered period for previous year, with a slight decrease in OC impositions noted during Q2 due to the start of commercial operations of plants which were previously under T&C.
- Overall, biomass facilities had the highest impositions of T&C during the pre-EWDO, accounting for more than half of the total T&C impositions, followed by solar plants.
- It may be noted that the capacities with OC impositions may have aided in the reduction of actual cost for generation distorting market prices, effectively affecting the market's ability to sustain itself in the long run.



### *Enhanced WESM Design Operation (EWDO)*

- With roughly the same resolution between the 2020 and 2021 EWDO periods, it was observed that the decrease in impositions from September to December may be attributed to: 1) the implementation of DOE DC2021-06-0013 in July, which adopts a new general framework governing plant under T&C, and 2) the significant days of market suspension in December due to Typhoon Odette.
- In terms of T&C impositions, biomass and solar plants accounted for 68.41% of the total impositions for the beginning of the EWDO period in 2021. The remaining impositions were shared by battery, coal, hydro, and oil-based facilities.
- OC impositions may seem to have a positive impact to the system by lowering market prices, but it can affect the true condition of the market by distorting the resulting market prices, effectively affecting the market's stability in the long term.

The Annual Over-riding Constraints Report was approved by the MSC and submitted to the PEM Board, the DOE, and the ERC and was subsequently published in the PEMC website.

### **1.3. Review of Market Intervention Events for August to November 2022**

The MSC discussed the results of MAG's assessment on the MI events which occurred in August to November 2022 in consideration of the available information provided on the submission of reports by either the National Grid Corporation of the Philippines (NGCP)-SO and the Independent Electricity Market Operator of the Philippines (IEMOP)-MO. The summary of reasons for the noted events were as follows:

Initiated By	Date	Interval/s	Region/s Affected	Classification	Reason
MO	13 Aug 2022	0050H-1240H (143 Intervals)	Luzon, Visayas, Mindanao	Force Majeure	Inaccessibility of the MMS due to the unavailability of both communication links that were affected by burnt fiber cables
MO	24 Aug 2022	1635H-1645H (3 Intervals)	Luzon, Visayas, Mindanao	Force Majeure	Inaccessibility of the MMS due to the unavailability of communication link on account of IT network fault at internet service provider's communication link facility
MO	06 Sept 2022	1915H (1 Interval)	Luzon, Visayas, Mindanao	Force Majeure	Erroneous Market Results due to an incomplete generation offers transferred from Market Participant Interface to RTD



Initiated By	Date	Interval/s	Region/s Affected	Classification	Reason
MO	09 Sept 2022	0700H (1 Interval)	Luzon, Visayas, Mindanao	Force Majeure	Erroneous Market Results due to an incomplete generation offers transferred from Market Participant Interface to RTD
MO	20 Sept 2022	1000H-1015H (4 Intervals)	Luzon, Visayas, Mindanao	Force Majeure	Non-Generation of RTD Schedule due to data transfer error for load forecasting
		1400H-1425H (6 Intervals)	Luzon, Visayas, Mindanao	Disaster Recovery Procedure Simulation	Conduct of Disaster Recovery Procedure (DRP) simulation that resulted in non-generation of Real-Time Dispatch (RTD) schedule
		1745H (1 Interval)	Luzon, Visayas, Mindanao		
SO	23 Sept 2022	1815H-1900H (10 intervals)	Visayas	Threat to the System Security	High Load Capacity Reached at 95.05MW of the Sambolan - Amlan 138kV Transmission Line 2
MO	06 Oct 2022	0135H (1 Interval)	Luzon, Visayas, Mindanao	Force Majeure	Error in data transfer of load forecast to market run
MO	06 Nov 2022	0615H (1 Interval)	Luzon, Visayas, Mindanao	Force Majeure	Encountered RTD power flow solution error due to incomplete update of power flow model

The MSC discussed the proper categorization of incidents which may not fall under the generally accepted definition of force majeure, and that there may be a need to revisit the existing rules and manuals and submit proposed amendments to this effect. The initial draft of the proposed amendments was deliberated by the Committee during its November 2022 meeting.

Aside from the above MI events, the Committee likewise reviewed the revision to the draft review report for the 23 September 2022 MI event in consideration of the comments and recommendations received from the PEM Board. The revision was then presented to the PEM Board during its November 2022 meeting, for approval.

As part of the MSC's request to regularly monitor status updates on MI recommendations, the Committee was apprised on the recent status of implementation for the recommendations received from the System Operator (SO). In general, the completion of the projects slated in the Transmission Development Plan (TDP) will address most of the recommendations provided by the SO to avoid the recurrence of SO-initiated MI events.

#### **1.4. Updates on the Activities related to the Development of Monitoring Framework and Parameters for the Anti-Competitive Behavior (ACB) in the WESM**

The MSC was informed on the status of the activities and tasks for the development of the monitoring framework and parameters of ACB with the third-party consultant engaged in September 2022.

Recognizing the authority and expertise on competition related matters, representatives from the Energy Regulatory Commission (ERC), the Philippine Competition Commission (PCC), and the Compliance Committee (CC) were duly consulted by the MSC. Their respective comments and inputs shall be considered in the finalization of the framework and final version of the study. Meanwhile, the revised Inception Report, containing the general contents of the study, was reviewed and duly approved by the MSC on 24 October 2022 which was endorsed to the PEMC President for the milestone acceptance.

During the Committee's November meetings, the MSC, together with the industry partners, reviewed and deliberated the proposed monitoring framework and parameters presented by the third-party consultant. The discussion revolved around the definition of market power and how it is exercised in electricity markets, together with the proposed definitions of ACB, as well as the detailed technical specification of the tools which will be an input to the development of the software for monitoring of possible ACB.

To ensure that the insights of the industry partners were duly considered in the envisioned framework, the schedule of the industry consultation meetings was set on 22 December 2022 and 04 January 2023, considering the availability of the target audiences.

#### **1.5. Discussion on Viability Study of the Financial Transmission Rights (FTRs)**

As part of the activities slated in 2022, the MSC reviewed the results of the viability study for the operation of the Financial Transmission Rights (FTRs) which aims to discuss the concept of FTR by looking at the current capability of the WESM to accommodate such enhancement, and by undertaking a survey on similar mechanisms in other jurisdictions to determine the viability of its introduction to the Philippines.

The MSC recommended to highlight more on the removal of financial risks to consumers rather than highlighting that FTR is an avenue for possible revenue. It was further suggested to specify that the scheme / mechanism should not allow any pass-on costs to the consumers. Moreover, to avoid any abuse or anti-competitive behavior, it was highlighted that the concentration of the transmission rights must likewise be monitored and considered in the operation of the FTR. This may also be monitored and checked by the Technical Working Group (TWG) to be formed for the FTR in compliance with the WESM Rules.

The appetite of the traders in participating to the FTR may likewise be included in the determination, if there really is a market for the same. MAG shared that during the

discussion with the MO, generators may already forecast the prices in the market which may be used in the trading of FTR.

After due deliberation, the Committee approved the FTR study and transmitted the copy of the report to the DOE and ERC on 17 November 2022.

#### **1.6. Review Discussion on the Request for Extension for the Study on the Impact in Competition of Distribution System Operator**

As a background, the Technical Committee had undertaken a technical evaluation and proposed the introduction of a new entity in the WESM, which is Distribution System Operator (DSO), to act on behalf of the embedded generators (EG). Part of the proposal was the procedures for coordination among the MO, SO, distribution utilities (DU), and EGs regarding the supply to be considered in the WESM which would require for the delineation between the SO and the DU (who will serve as DSO) in managing and providing dispatch instructions to EGs within its franchise area. In relation to the said proposal, the Technical Committee (TC) requested the MSC to conduct an assessment on how the proposed DSO model may affect competition among generators in the WESM.

The MSC noted the status of the said study as well as the next steps to be undertaken for the completion of the assessment. After the discussion, the Committee approved the request of the Market Assessment Group (MAG) to move the deadline of the study from Q4 2022 to Q1 2023.

#### **1.7. Discussion on the Notable Market Outcome for September to November 2022**

The MSC was informed on the summary of price spikes monitored and flagged during the September to November 2022 billing months, in consideration of the updated thresholds for the monitoring, in line with the requirements of the internal business procedures of MAG, and Section 3.1 of the Catalogue of Market Triggers.

<b>Billing Month</b>	<b>Highlights</b>
September 2022	<p>30 days out the 31-day observation had price spike events which resulted in a total of 551 price spikes events (240 in off peak and 311 in peak) that mostly occurred on Sundays.</p> <p>There are 3,365 intervals imposed with secondary price cap.</p>
October 2022	<p>24 out of a 30-day observation had price spike events which resulted in a total of 445 price spike events (95 in off peak and 360 in peak) that mostly occurred on Mondays.</p> <p>There are 2,577 intervals imposed with secondary price cap.</p>

Billing Month	Highlights
November 2022	<p>25 out of a 31-day observation had price spike events which resulted in a total of 263 price spikes events (80 in off peak and 183 in peak) that mostly occurred during Thursdays and Fridays.</p> <p>There are 1,820 intervals imposed with secondary price cap.</p>

Further evaluation and analysis shall be undertaken by MAG on these events.

### 1.8. Discussion with Market Operator on the Overview of WESM Mindanao's Operations and Implementation

The MSC invited the representatives from the IEMOP to present and discuss the overview of WESM Mindanao's operations and implementation update, as requested by the Committee through its letter dated 25 November 2022.

The integration of Mindanao in the WESM is expected to commence on 26 December 2022 wherein the dispatch conformance standards and some registration requirements, more specifically on the Prudential Requirements (PR) will be relaxed for three (3) months based on the promulgation of the DOE. After which, full compliance to requirements of Market Rules and Manuals shall be implemented. It was further emphasized that there is a necessity for WESM Mindanao to be on commercial operations, at least two (2) months prior to the energization of Mindanao-Visayas Interconnection (HVDC) in June 2023.

All the necessary requirements with regard to policy development, regulatory requirements, and technical requirements are all completed. Likewise, trainings and trial (parallel) operations were already undertaken as part of the preparatory activities for the WESM Mindanao Implementation. The only remaining task is the completion of market participant registration in Mindanao, which status, as of 17 November 2022, was also presented to the MSC.

### 1.9. Monitoring and Assessment of the Retail Competition and Open Access (RCOA) Market

Pursuant to the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI) Section 3.1.2<sup>6</sup>, the MSC monitored and assessed the performance of the Retail Market, as provided for under the Retail Market Assessment Report, which discusses the results of retail monitoring indices and provides indications on how the retail market performed during the period in review.

<sup>6</sup> CRMMDI Section 3.1.2 *The Market Surveillance Committee shall have the following responsibilities: 3.1.1 xxx; 3.1.2. Review the retail market monitoring indices and reports submitted by the Market Assessment Group. xxx*

### **1.9.1. Retail Market Assessment Report for 3<sup>rd</sup> Quarter of 2022**

The MSC reviewed the Retail Market Assessment Report on the RCOA Market covering the quarter of 26 June 2022 to 25 September 2022, as submitted by MAG (QRMAR-2022-03). Some highlights of the Report are as follows:

#### **RCOA**

- There were fifteen (15) initial switches recorded resulting in a 0.79% increase in the total registered Contestable Customers (CCs) from the 2nd quarter of 2022, thereby raising the total tally of registered CCs in the market to 1,923.
- Although on a decrease in terms of share, MERALCO Group remained the top entity in both measures (number of CCs and capacities served). The decrease in MERALCO's share for both measures was due to CCs regular switch from MERALCO group to other groups (26 CCs for this quarter).
- The increase in share for both measures of Aboitiz Group was attributable to the 63 regular switches and 6 initial switches to Aboitiz Group. Meanwhile, the decrease in shares of San Miguel group was also attributable to the volume of CCs that switched to other Suppliers (38 out of 41 regular switches were regular switches to Aboitiz group). The increasing number of regular switches from other major participants may indicate increase in market competition.
- The EDC group on the other hand also recorded an increase for both measures due to regular switch and new registration to EDC group (11 regular switches and 7 initial switches).
- During the period in review, the retail market generally saw a positive trend for both Contestable and Captive customers' consumption in comparison to the previous year. The year-on-year increase was a result of the normalization of demand and the expected economic growth in the country. Moreover, the quarter-on-quarter decrease was expected to be a regular trend due to the transition from the hot-dry season to rainy season.
- Calculations based on the Herfindahl-Hirschman Index (HHI) indicated a concentrated market based on the number of CCs and CC consumption.

#### **GEOP**

- There were 140 Green Energy Option Program End-Users (GEOP End-Users) recorded for the 3rd quarter of 2022.
- There were 15 registered RE Suppliers and 10 Supplier of Last Resort (SoLR) as of 3rd quarter of 2022.

The Quarterly Retail Market Assessment Report was approved by the MSC and submitted to the PEM Board, the DOE and the ERC and published in the PEMC website.

## **2. Other Activities**

### **2.1. Conduct of MSC Strategic Planning Workshop for 2023 to 2025 activities**

To ensure that the MSC's work plan is aligned with and included in the 2023-2025 PEMC Corporate Strategic Plan to be approved by the PEM Board, the MSC, together with the Market Assessment Group and the Corporate Planning and Communications Department, conducted a planning workshop during the Committee's Regular Meeting in October 2022. The workshop aims to identify and discuss the areas in the CSP where MSC's contributions would be most relevant.

Following the workshop, the MSC identified the initial list of activities for the year 2023:

- Development of Monitoring Framework and Parameters of Anti-Competitive Behavior (ACB) in the WESM including the development of processes which will be an input to the upcoming software development.
- Proposed Amendments to the WESM Rules and related Manuals regarding Market Intervention and Suspension.
- Generator / Reliability Summit.
- Assessment on possible enhancements to the RCOA Market based on the results of consultation meetings with stakeholders.
- Economic Impact of Market Intervention events.

The agreements shall be reflected in the MSC's 2023 work plan which shall be an appendix to its Annual Report.

### **2.2. Review of the Proposed Amendments to the WESM Penalty Manual**

The MSC deliberated on the revisions for the proposed amendments to the WESM Penalty Manual in consideration of the following comments received from the PEM Board last 26 October 2022:

- Revise the multiplier of the pre-set penalty amount, i.e., from "generated capacity" to "output capacity" for the breach related to the generation after the expiry of authorized test and commissioning period; and
- Minor revisions to the sample computation.

After due deliberation, the Committee approved the proposed amendments for submission to the Department of Energy (DOE).

### **2.3. Discussion on the Proposed Amendments to the WESM Rules and related Market Manuals regarding Market Intervention / Suspension events**

The MSC reviewed the highlights of the proposed amendments to the Market Intervention / Suspension Procedures. The said proposal was in line with the MSC's observation on the recurrence of similar events repeatedly categorized under force majeure.

While these events were inevitable in nature, it was noted that its recurrence should have been avoided by appropriate measures considering that commercially available methodologies may already be availed of by the affected operator. In addition, the timeliness of report submissions from the MO and SO is essential for the MSC to commence with its responsibilities under the WESM Rules and related market manuals.

The Committee recommended additional revisions and inclusions to the proposal specifically on the categories for acceptable reasons for declaration of MI events, and the clarification on the wording that the MO and SO have respective power to initiate and lift MI events, as currently practiced. The proposed amendments were adopted by the Committee, subject to finalization based on the aforementioned revisions.

The MSC is composed of five (5) members, namely Atty. Doroteo B. Aguila (as MSC Chairman), Engr. Arthur N. Escalante, Engr. Christian M. Orias, Engr. Ferdinand P. Villareal, and Engr. Peter L. Wallace.