



Market Surveillance Committee Quarterly Accomplishment Report

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Philippine Electricity Market Corporation –
Market Assessment Group
and approved by the
Market Surveillance Committee

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1.0 Executive Summary

Pursuant to Section 1.6.2 of the WESM Rules and Section 3.1 of the Market Surveillance Manual (MSM) Issue 2.0, the Market Surveillance Committee (MSC) carried-out its mandate for the monitoring and assessment of market outcomes in the WESM and the Retail Market¹, 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 jurisdiction and other market issues.

For the covered period, the MSC exercised a hybrid setup in conducting its meetings, where at least once every quarter, the meeting will be held physically at the PEMC Office, while the rest shall be conducted through online platform/s (i.e., Microsoft Teams). Accordingly, during the 1st quarter of 2025, the MSC conducted the following meetings:

- Regular Meeting No. 2025-01 held on 16 January 2025 (Online)
- Regular Meeting No. 2025-02 held on 13 February 2025 (Online)
- Regular Meeting No. 2025-03 held on 13 March 2025 (Face-to-Face)

The MSC's Accomplishments during the reporting period are summarized in the succeeding sections of this report.

In summary, the MSC accomplished the following activities through the assistance of MAG:

Activities	
Preparation of periodic market reports and unusual Market Outcomes	<ul style="list-style-type: none"> ○ Market Assessment Reports (monthly and quarterly) ○ Over-riding Constraints Reports (monthly and quarterly) ○ Retail Market Assessment Reports (monthly, quarterly and annual) ○ Review Reports on Market Intervention Events ○ Notable Market Outcome Reports (upon occurrence)
Review / Submit proposed amendments to the WESM Rules / Manuals	<ul style="list-style-type: none"> ○ Review and submit comments / inputs to the Call for Comments from the Rules Change Committee on the following proposals: <ul style="list-style-type: none"> • Proposed General Amendments to the WESM Manual on Ancillary Services Monitoring (ASM) regarding Reserve Conformance Standards • Proposed Amendments to the WESM Manual on Dispatch Protocol related to the Validation Process of Reported

¹ 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.*

Activities	
	<p>Discrepancies in the Dispatch Instruction Report</p> <ul style="list-style-type: none"> MSC Proposed Amendments to the WESM Rules and Market Manuals on the Review of Rules Changes to the WESM Penalty Manual and Enhancement Market Surveillance Committee Processes
Coordination meetings with other Agencies & Entities	<ul style="list-style-type: none"> Meeting with the Department of Energy on the Power Situation and Outlook for 2025 Coordination meetings with the Market Operator and System Operator on the Market Intervention events Coordination meeting with the Technical Committee on DOE Directive to conduct a technical study on setting the testing and commissioning periods for each plant type
Other Activities	<ul style="list-style-type: none"> Review and updating of Market Trigger Threshold Assessment of the participation of Distribution Utilities in the WESM Initial Reserve Market Assessment Attendance and Participation in the Electricity Market Exchanges 2025 Review of MSC Work Plan for 2025

2.0 Activities on Market Monitoring and Assessment

2.1 Assessment of Market Outcomes in the Wholesale Electricity Spot Market

2.1.1 Monitoring and Assessment of Market Outcomes in the WESM

Pursuant to its mandate under Section 3.1 (b)² of the MSM, 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).

² 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*

2.1.1.1 Monthly Market Assessment Reports

During the quarter, the MSC assessed WESM results for the billing periods of November 2024 to January 2025, as discussed in the Monthly Market Assessment highlights prepared by MAG. The highlights of which are as follows:

Billing Period	Date Discussed	MSC Assessment Highlights
November 2024	16 January 2025	<p>It was noted that the total registered capacity in the WESM increased by 244.5 MW, or approximately 0.83%, as compared to the previous billing period. The effective supply decreased by 2.21%, which may be affected by the increase in capacities on outage by an average of 18.13%. Moreover, the demand plus reserve requirement decreased by 2.25%. With this, WESM prices slightly decreased by 0.24% from PHP 4,613/MWh to PHP 4,603/MWh.</p> <p>In terms of market structure, San Miguel Corporation (SMC) maintained the highest percentage share in registered and offered capacity. This resulted in SMC to be the group with the highest percentage share in terms of actual generation, suggesting that most of its offered capacity was dispatched. However, Aboitiz Power (AP) continued to lead in terms of spot exposure, indicating that most of SMC's generated energy was tied to bilateral contracts, with only 17% of its total metered quantity exposed to the spot market, resulting in a 15% share of total spot exposure.</p> <p>In the reserve market, 18% of the 29,771.6 MW registered capacity were eligible to participate and deliver for the reserve market. Reserve capacities were primarily sourced from coal, natural gas, hydro, oil, and battery energy storage systems.</p>
December 2024	13 February 2025	<ul style="list-style-type: none"> Prices at PHP 0 or below occurred for a total of 377 trading intervals on a system-wide basis. Of these instances, 48% fell on 25 December 2024 (Christmas) which also contributed to the decrease in the monthly load weighted average price. Regionally, PHP 0 or below prices occurred in: <ul style="list-style-type: none"> Luzon – 49 intervals Visayas-Mindanao – 1 interval Mindanao – 8 intervals In a system-wide perspective, the following were observed: <ul style="list-style-type: none"> Based on the market capacity profile, there was a 0.62% average decrease in effective supply, notwithstanding the decrease in capacity on outage. In terms of market price, despite instances of high prices throughout the system, the load weighted average price

Billing Period	Date Discussed	MSC Assessment Highlights
		<p>(LWAP) significantly declined by 21% compared to the previous billing month.</p> <ul style="list-style-type: none"> ○ The average outages decreased across most power plant types, representing a 18% reduction in capacity on outage compared to the previous billing month. <ul style="list-style-type: none"> ● In terms of market structure, the following points were noted: <ul style="list-style-type: none"> ○ SMC maintained its position as the top major participant group, holding the largest percentage share of registered and offered capacity. ○ AP continued to exhibit a significant presence in the spot market, with 35% of its metered quantity sold through the spot market, representing 28% of the total spot market exposure. ○ Based on the Herfindahl-Hirschman Index (HHI), the market remained unconcentrated, indicating a competitive landscape. ○ A Residual Supplier Index (RSI) below 100% indicates a tight supply situation with the presence of pivotal plants owned by certain market participants. For December 2024 billing period, RSIs below 100% were recorded 76% of the time, with an average price at PHP 4,153/MWh. ○ The GNP Dinginin Coal-Fired Thermal Power Plant (CFTPP) was a system-wide pivotal plant for the December billing period, with a total of 6,518 trading intervals, or 75% of the entire billing period in review. ○ The GNP Kauswagan CFTPP remained as the top marginal plant for a total of 1,488 total trading interval or 17% the of time. ● The average spot quantities of load participants for the December 2024 billing period were noted at 23.77%, with an accompanying average price of PHP 3,639/MWh. ● For the December 2024 billing period, majority of the metered quantities were still covered by the BCQ declarations of generator-trading participants in the market, representing 75% of the total metered quantity traded in the market. ● In the reserve market, across all reserve categories, the Visayas region exhibited the highest average reserve price, followed by the Luzon and Mindanao regions, respectively. This pricing result is indicative of the varying levels of available capacity

Billing Period	Date Discussed	MSC Assessment Highlights
		<p>across the three regions. Additionally, the following were highlighted during the billing period:</p> <ul style="list-style-type: none"> Of the total 29,962 MW registered capacity, approximately 18% (5,525.4 MW) are certified to participate in both the WESM and the Reserve Market. In terms of regional reserve capacity, only 12% of the total registered reserve capacity is in the Visayas region, while Mindanao accounts for 27% and Luzon holds the largest share at 60%. This capacity is primarily sourced from coal, natural gas, hydro, oil, and battery power plants, due to specific reserve market requirements.
January 2025	13 March 2025	<p>System-wide, there were 490 trading intervals with prices at PHP 0 or lower, which is significantly higher by 30% as compared to the previous month. This is still attributed to the reduced demand during the Christmas and New Year holiday season. Regionally, PHP 0 or below prices occurred in:</p> <ul style="list-style-type: none"> Luzon for 60 intervals Visayas for 6 intervals Mindanao for 251 intervals

Following the discussion on the registered capacity, the MSC recommended conducting a study to identify the threshold at which the level of capacity becomes concerning. Additional information on the practice from other jurisdictions have been provided on how they define thresholds for allowable outage percentages, which could serve as a reference for further analysis.

MARs are prepared upon availability of the processed and validated data received from both Market Operator and System Operator.

2.1.1.2 Q4 2024 Market Assessment Report

The MSC reviewed the results of the market assessment report for the 4th quarter of 2024. Highlights of the report are as follows:

- The overall demand for electricity on the system slightly decreased by an average of 2.3%.
- There was a total of 606 trading intervals with prices at PHP 0/MWh and below. Regional prices at PHP 0/MWh and below occurred in:
 - Luzon – 59 trading intervals;
 - Visayas-Mindanao – 180 trading intervals; and
 - Mindanao – 76 trading intervals

- Market Intervention (MI) event on 08 February 2025 was due to force majeure affecting a total of fourteen (14) trading intervals system wide. This represents a 74% decrease.
 - Visayas affected a total of 19 trading intervals due to unimplementable real-time dispatch (RTD) schedule
- Geothermal power plants had the highest utilization rate.
- Spot market transactions slightly increased during the fourth quarter of 2024, ranging from 16% to 27%, compared to only 17% to 25% in the previous quarter.

2.1.2 Review of Over-riding Constraints

Pursuant to MSM Section 3.1 (b.iii)³, the MSC reviewed the assessment results on the imposition of over-riding constraints which provide for the summary of impositions from the System Operator (SO) to generator-TPs for the November 2024 to January 2025 billing periods.

2.1.2.1 Monthly Over-riding Constraints

During the quarter, the MSC monitored the Over-riding Constraints (OC) imposition for the billing periods of November 2024 to January 2025, as discussed in the report prepared by MAG. The highlights of which are as follows:

Billing Period	Date Discussed	Highlights
November 2024	16 January 2025	<ul style="list-style-type: none">• In Luzon, ten (10) Provisional Certificate of Approval to Connect (PCATC) extensions and seven (7) additional submissions, mostly from renewable energy (RE) plants, were recorded during the billing period. Additionally, the number of impositions in the region declined, mainly due to the completion of commissioning tests for solar and hydro plants.• For the Visayas region, an increase in the impositions was due to the continuous extension of PCATC for wind and hydro plants undergoing commissioning tests, as well as additional PCATC submissions for solar plants, which primarily contributed to the over-riding constraints in the region. Meanwhile, fewer plants conducted various tests for commercial and regulatory requirements, as coal, battery, and oil-based plants were intermittently scheduled during the billing period.

³ MSM Section 3.1(b) The MSC shall have following responsibilities: (a) xxx; (i) Review Over-Riding Constraints; xxx

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> In Mindanao, some days had no impositions of over-riding constraints, possibly due to low demand. However, on most days, oil-based plants were continuously dispatched as Must Run Unit (MRU) due to the persistent system voltage requirement in the region. Additionally, two (2) units of a hydro plant were subjected to over-riding constraints due to the outage of specific transmission lines, along with an extension of PCATC for a biofuel plant during the period. The continuous extension of PCATC for a wind plant contributed significantly to the high imposition of over-riding constraints. Additionally, multiple extensions for RE plants were noted, as coordinated with the System Operator. Two (2) plants (hydro and solar) completed their commissioning tests after the extensions of PCATCs. Compared to the previous billing period, there was a decline in over-riding constraints for renewable plants under commissioning tests, while a surge was observed for other plants. It was also noted that the maximum scheduled capacities for most plants decreased, except for natural gas plants, which saw a significant increase during the billing period.
December 2024	13 February 2025	<ul style="list-style-type: none"> In Luzon, thirteen (13) extensions of PCATC and six (6) additional PCATC submissions were noted for the conduct of commissioning tests. Consequently, there was an increase in the number of impositions in the region, attributable to the commissioning tests mostly of Renewable plants – 19 out of 22 plants. In the long term, the completion of tests may contribute to the region's supply. For the Visayas region, the increase in impositions was attributed to the continuous extensions of PCATC issuances for wind and hydro plants for their commissioning tests, as well as additional new PCATC submissions for solar plants. Meanwhile, other plants were intermittently scheduled during the period to conduct various commercial and regulatory requirements, such as ancillary service, emission, and performance tests. In Mindanao, on most days, oil-based plants were continuously dispatched as Must Run Unit (MRU) to meet the persistent system voltage requirement, accounting to 72% of over-riding constraints during the period. It was also noted

Billing Period	Date Discussed	Highlights
		<p>that the Battery Energy Storage Systems (BESS) had continuous extensions of PCATCs during this time.</p> <ul style="list-style-type: none"> In summary, the total over-riding constraints imposition for the December 2024 billing period increased by 25.75% with Luzon having the greatest number of impositions of 102,536, followed by Visayas with 23,185, and Mindanao with only 6,254. The plants with the most impositions per region were highlighted, along with the respective tests conducted that were significant during the billing period.
January 2025	13 March 2025	<ul style="list-style-type: none"> In Luzon, most of the over-riding constraints were due to commissioning test of RE plants – 20 out 24 plants were undergoing such test. Over-riding constraints were observed to have declined during the holiday season until the first week of year 2025 as fewer plants are conducting commissioning tests and due to the minimal conduct of various tests under commercial and regulatory requirements. For the Visayas region, the conduct of commissioning tests for RE plants, such as solar and wind plants, was the primary reason for most over-riding constraints. Coal and oil-based plants experienced minimal impositions. It was also observed that there were fewer impositions of over-riding constraints from 31 December 2024 to 02 January 2025, as no impositions for the conducted commissioning tests of wind plant. While in Mindanao, oil-based plants were dispatched as MRU for 3,362 intervals on most days due to thermal limits of lines / equipment and the persistent system voltage requirement. This accounted for 84% of the over-riding constraints during the billing period to secure the reliability of the grid. Additionally, other oil-based and coal plants conducted ancillary service tests, which added to the over-riding constraints in the region.

Due to the recurring over-riding constraints in Mindanao, primarily from the dispatch of MRU, the MSC write a letter to the National Grid Corporation of the Philippines (NGCP) inquiring about the transmission projects scheduled to begin in 2030 and asked whether those could be expedited to address the system voltage requirements in the region.

The Committee likewise discussed the recent updates from IEMOP on the status of plants under commissioning test. The complete and approved reports were duly published on the PEMC website for information.

2.1.2.2 Q4 2024 Over-riding Constraints Report

The MSC reviewed the monitoring of over-riding constraints for the 4th quarter of 2024. Highlights of the report were as follows:

- The total number of over-riding constraints imposed by SO saw a minimal decline compared to the previous quarter.
- A year-on-year comparison showed that commissioning test-related constraints surged by 264% compared to the same period last year. The system-wide total number of impositions increased by 103% year-on-year, primarily due to: i) the entry of new power plants into the market, and ii) extended testing periods for certain facilities.
- By Category and Incidents
 - Despite the slight reduction, the overall trend remained consistent with previous reports, with non-security limits continuing to dominate the total impositions
 - Security limit impositions were all associated with MRUs for oil-based plants primarily to support voltage stability in the Mindanao region.
 - Commissioning tests remained the leading cause of non-security limit impositions
- By Plant Type
 - Renewable energy plants accounted for the highest number of constraints, with solar, wind, and hydro plants experiencing the most impositions specifically related to the conduct of Commissioning tests.
- Over-riding constraints peaked between 0500h and 2000h, following a trend similar to previous quarters. The peak period was largely driven by:
 - Solar plant commissioning tests, which must be conducted during daylight hours.
 - Commercial and regulatory compliance tests, which are typically scheduled during peak demand hours for accurate performance assessments.

2.1.3 Market Trigger and Interesting Pricing Events

On a regular basis, the MSC was apprised on the summary of facts and observations on the market triggers monitored for a particular billing period in consideration of the thresholds used for the monitoring activities, as reviewed and revised by the Committee. The highlights of the reports are as follows:

Billing Period	Highlights
December 2024	A total of 58 price spikes occurred across the integrated Luzon, Visayas, and Mindanao regions. Among these, 41 occurred during peak hours while the remaining 17 occurred during off-peak hours. Also, 11 days out of 30 days

Billing Period	Highlights
	had price spike events while trading hour 1800h was recorded the highest number of spike events.
January 2025	A total of 39 price spikes occurred during the billing period. Of these, 38 occurred in the Visayas region, with 1 in the combined Luzon and Visayas region. Among the spikes, 38 occurred during peak hours while the remaining one (1) occurred during off-peak hours. Additionally, four (4) days out of 31 days had price spike events while trading hour 2200h was recorded the highest number of spike events.
February 2025	No reported price spikes.

2.1.4 Review of Market Intervention Events

The MSC discussed the results of MAG's assessment on Market Intervention (MI) events which occurred on 17 August 2024, in consideration of the available information provided on the submitted reports and supporting documents by either the National Grid Corporation of the Philippines – System Operator (NGCP-SO) or the Independent Electricity Market operator of the Philippines – Market Operator (IEMOP-MO).

The summary of the details of the incident is provided in the table below:

Date	Initiated by	Interval/s	Region/s Affected	Classification	Reason
17 August 2025	MO	1 interval (0815h)	Luzon, Visayas, Mindanao	Force Majeure (Clause 6.7.1 of WESM Rules)	Failure to generate Real-Time Dispatch solution caused by insufficient information on transmission equipment outages related to the isolation of Calbayog Substation.

A series of clarifications and coordination meetings were conducted for the abovementioned MI event to gather further information and address inquiries by the Committee to complete its assessment and report.

2.2 Assessment of the Retail Market – Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP)

Pursuant to the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI) Section 3.1.2, the MSC regularly monitored and assessed the performance of the Retail Market, as provided for under the Retail Market Assessment Reports, which discusses the results of monitoring indices and provide indications on how the retail market, covering both the RCOA and GEOP, performed during the period in review.

During the covered period, the MSC reviewed the Retail Market Assessment Report on the RCOA and GEOP for the covered billing period, as submitted by MAG. Some highlights of the reports are as follows:

2.2.1 Monthly Retail Market Assessment Highlights

Billing Period	Date Discussed	Highlights
November 2024	16 January 2025	<p><u>RCOA</u></p> <ul style="list-style-type: none"> Twenty-two (22) new Contestable Customers (CCs) registered during the November 2024 billing period, twelve (12) of which came from Luzon. Eleven (11) out of the thirteen (13) switches during November 2024 were CCs with expiring contract which opted to sign with other Suppliers. Eight (8) out of the thirteen (13) switches opted to sign to other Market Participant Groups (MPGs) from another MPG. One (1) CC ceased from its participation in the program during the period as it will now utilize its own power plant. There was an increase in total monthly energy consumption of CCs from 1,991 GWh the previous month to 2,025 GWh this month. <p><u>GEOP</u></p> <ul style="list-style-type: none"> Thirty-nine (39) new GEOP End-Users (GEUs) were noted to have entered the program during the November 2024 billing period. <ul style="list-style-type: none"> Thirty-three (33) out of the thirty-nine (39) of the new GEUs chose to register with Ayala Group which greatly contributed to the increase in its market share in GEOP. The market share for GEU energy consumption in the Ayala Group reached 61%, while its share of GEOP end-users is now at 62%. The monthly consumption increased from 65 GWh previous month to 68 GWh this month.
December 2025	13 February 2025	<p><u>RCOA</u></p> <ul style="list-style-type: none"> Twenty-four (24) new CCs registered during the December 2024 billing period, seventeen (17) of which came from Luzon. Sixteen (16) switches occurred in December 2024 <ul style="list-style-type: none"> Ten (10) were made by CCs with an expiring contract that opted to sign with other suppliers

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> ○ Six (6) opted to sign with other suppliers despite having an existing contract with their current supplier. • Four (4) CC ceased operations during the period due to the following: <ul style="list-style-type: none"> ○ Consolidation of load into one (1) CC ○ Reversion to Captive Market ○ Non-payment of outstanding bill • One (1) CC transferred from RCOA to GEOP <p><u>GEOP</u></p> <ul style="list-style-type: none"> • Twenty-eight (28) new GEUs were noted to have entered the program during the December 2024 billing period. <ul style="list-style-type: none"> ○ Similar with the previous billing periods, most of these new entrants chose suppliers within the Ayala Group. ○ There was a continued increase in the market share of the Ayala Group, reaching 62% and 64% in terms of total consumption and number of GEUs, respectively. • One (1) GEU transferred from RCOA to GEOP. It was previously noted to have a contestability threshold of 750 kW under RCOA; however, upon transferring to GEOP, the threshold changed to 100 kW. • Six (6) GEUs have ceased during the billing period as they reverted to being Captive Customers.
January 2025	13 March 2025	<p><u>RCOA</u></p> <ul style="list-style-type: none"> • Twenty (20) new CCs registered during the January 2025 billing period, eleven (11) of which came from Luzon. • Sixty-four (64) switches occurred in January 2025 <ul style="list-style-type: none"> ○ Fifty-nine (59) were made by CCs with an expiring contract and opted to sign with other suppliers. ○ Five (5) opted to sign to other Suppliers despite having an existing contract with their current supplier. • One (1) CC transferred from RCOA to GEOP. • Two (2) CCs have registered as directly connected customers, one of which is also registered as a Direct WESM Member.

Billing Period	Date Discussed	Highlights
		<p><u>GEOP</u></p> <ul style="list-style-type: none"> • Nine (9) new GEUs were noted to have entered the program during the January 2025 billing period <ul style="list-style-type: none"> ◦ All 9 new entrants have chosen suppliers within the Ayala Group, resulting in an increase in the market share of the Ayala Group, reaching 63% and 65% in terms of total consumption and number of GEUs, respectively. • One (1) GEU transferred from RCOA to GEOP. It was previously noted to have a contestability threshold of 750 kW under RCOA; however, upon transferring to GEOP, the threshold changed to 100 kW.

2.2.2 Q4 2024 Retail Market Assessment Report

RCOA

- Contestable Customer (CC)
 - There were recorded sixty (60) initial switches, transfer of three (3) CCs from RCOA to GEOP, and seven (7) cessations yielding to an additional fifty (50) registered CCs as of the end of the Q4 of 2024
 - An increase in the total tally of registered CCs in the market to 2,156, which is equivalent to 59% of the entire population of eligible end-users.
 - By region, 87% of the total registrants were from Luzon, while the remaining 12% and 1% were from Visayas and Mindanao, respectively. By industry type, 54% of the registrants were categorized as commercial customers while 46% were industrial customers.
- Retail Electricity Suppliers (RES)
 - 33 out of 44 registered RES and 2 out of 15 registered Local RES have active or subsisting contracts with CC/s.
- Market Concentration (based on the number of CCs served and energy consumption)
 - In terms of major participant grouping, calculations based on the Herfindahl-Hirschman Index (HHI), the market remained unchanged, as the HHI levels remain concentrated.
 - The Four-Firm Index (C4) values for the major participant groups have continued to decline below the 80% mark, indicating a less concentrated market compared to previous periods, and shifting the market concentration from high to medium.
 - The MERALCO Group remained the top group in terms of the number of CCs served at 33%, the same level during the previous quarter. In terms of CC consumption, the Aboitiz Group remained to be on top, serving 26% of the total consumption of CCs.

- Looking at the individual suppliers, an overall decline in HHI values has been observed since the Q4 of 2023. Using the new threshold for market concentration, it was noted that the market is no longer concentrated in terms of both the number of CCs engaged and the energy consumption served. This contrasts with the findings at the MPG level, where suppliers operate independently from their affiliate MPGs, fostering healthier competition among suppliers.
- Retail Rate and Estimated Savings
 - The Weighted-Average Retail Generation Rates are 7% lower compared to DU Average Generation Rates. This rate reduction was experienced by the participants engaged in a supplier in the RCOA.
 - In terms of estimated savings for the Q4 of 2024, CCs experienced an estimated total savings of PHP 2.37 billion.

GEOP

- GEOP End-Users
 - There were ninety-five (95) additional recorded initial switches to become registered GEOP End-Users, equivalent to a 44% increase from the previous quarter, with a total tally of registered GEOP End-Users in the market at 515 – 3.5% of the registered GEOP End-Users were within the RCOA threshold.
 - By region, the majority (about 82%) of GEOP End-users were located in Luzon, while the remaining 12% were from Visayas. By industry type, 76% of the registrants were categorized as commercial customers while 24% were industrial customers.
- Renewable Energy (RE) Supplier
 - There were 18 registered RE Suppliers, 1 Local RE Supplier, and 16 Suppliers of Last Resort (SoLRs), with 56% of registered RE Suppliers actively serving GEOP End-Users.
- Market Concentration (based on the number of GEOP End-Users served and energy consumption)
 - By MPG, HHI indicated that the Q4 of 2024 remained a highly concentrated market in terms of both the no. of GEOP End-Users engaged and energy consumption served, both of which continued to increase since June 2024.
 - The C4 concentration ratio exceeded 95% during the period, indicating that the market is dominated by only four MPGs. This suggests an oligopoly with limited competition and consumer options, allowing these firms to significantly influence prices and market conditions.
 - The Ayala group continued to expand its market share, reaching 64% in terms of no. of GEOP End-Users engaged and 62% in terms of energy consumptions served.
 - On a per RE Supplier basis, similar with the per MPG bases, HHI values have continued to increase since June 2024, leading to the market reaching a highly concentrated level in both the no. of GEOP End-Users engaged and the energy consumptions served.

- C4 values also increased, reaching 84% in terms of no. of GEOP End-Users and 82% in terms of energy consumption served by GEOP End-Users served by the top 4 suppliers.
- Consumption per Franchise Area Location
 - MERALCO's franchise area accounted for 71% of GEOP energy consumption, driven by its large commercial base, while VECO followed with 15%, showing steady growth in Metro Cebu. The remaining 14% is dispersed across smaller franchise areas, indicating limited but expanding adoption. Within MERALCO's area, the Ayala Group dominates with 69% market share, followed by the EDC Group at 19%, reflecting a concentrated supplier market.
- Market Transactions
 - On a monthly basis, a portion (less than 1%) of the energy served in the program includes purchases from the spot market. Although small in percentage share, some of the energy supplied provided to end-users under the GEOP may not be entirely from renewable sources.

The Quarterly Retail Market Assessment Report was approved by the MSC for submission to the PEM Board, the DOE, and the ERC, and was likewise published on the PEMC website.

2.2.3 Annual Retail Market Assessment Report for 2024

RCOA

- Market participation in RCOA continued to grow in 2024, with a net increase of one hundred sixty-five (165) new Contestable Customers (CCs), bringing the total to 2,561 registered CCs, which accounts for 59% of all eligible end-users. The majority of these CCs were located in Luzon (87%), with Visayas (12%) and Mindanao (1%) following behind.
- In terms of per Major Participant Group (MPG), competition remains concentrated, with the MERALCO and Aboitiz groups collectively holding over 50% of the CCs and total energy consumption. While some suppliers have started to capture more market shares, the overall level of market competition remains limited
- In terms of total consumption in the RCOA, it grew by 18% compared to 2023, with peak demand observed in May, coinciding with seasonal weather changes and increased economic activity. One of the most significant benefits of RCOA participation in 2024 was cost savings, as retail electricity rates under RCOA remained 14% lower than Distribution Utility (DU) generation rates, on average. This resulted in a PHP 16.76 billion in estimated savings for CCs.
- Customer switching activity also reflected a more stable market, with 248 instances of switching recorded. This posted a decline compared to 2023, suggesting that more customers are settling into long-term agreements with their suppliers.

GEOP

- The GEOP market experienced substantial growth in 2024, with a net increase of 229 new end-users, leading to a total of 515 registered participants, marking an 80% increase from 2023. The majority of these end-users were commercial customers (79%), with industrial users accounting for only 21%.
- One of the defining trends in the GEOP market was the increasing dominance of the Ayala Group, which expanded its market share from 38% in 2022 to 64% in 2024, making it the largest player in the program. While this growth highlights the strong adoption of renewable energy among its customers, it has also led to higher market concentration, reducing competition within the program.
- Total consumption under GEOP increased by 64% year-on-year, with steady growth throughout 2024 and peak consumption occurring in November and December.

The Annual Retail Market Assessment Report was approved by the MSC for submission to the PEM Board, the DOE, and the ERC, and was likewise published on the PEMC website.

2.3 Review on Updating of Thresholds for the Monitoring of Market Trigger and Interesting Pricing Events

The MSC discussed the results of the latest simulation for the review of thresholds used in monitoring of market trigger and interesting pricing events. It was noted that the Reserve Market was taken into consideration in the simulation, from its commencement on 26 January 2024, suspension on 26 March 2024, and resumption schedule for 05 August 2024.

During the deliberation, it was noted that prices during the hot dry season remained high, prompting a suggestion to use an alternative methodology. The MSC pointed out that changing methodology resulted in significant differences in threshold values, and it was explained that the 1st proposed methodology could possibly set the threshold too high, leading to the non-triggering of the thresholds, while another proposed methodology might trigger more frequent price spike events.

With this, the MSC then again proposed to conduct simulation using another methodology to determine values exceeding the control limit as abnormal. This approach would help identify outliers and establish a dynamic threshold. Additionally, it would detect price breaches in the market, subject to ERC coordination to define “highly unusual” pricing behavior.

2.4 Discussion on the NGCP's Response to the Inquiry on the UPS Maintenance and Procurement Process

The MSC was apprised of the NGCP's response to the Committee's inquiry about the Uninterruptible Power Supply (UPS) maintenance and procurement process in relation to the 13 November 2025 Market Intervention (MI) event. The need for proactive upgrades in NGCP's maintenance schedule and procurement process was emphasized in the presentation.

After thorough deliberations, the MSC noted the submitted response from NGCP, and agreed to further write letters to MO and SO to request for updates and further information on the subject MI event which will be used as reference for the MSC review report, particularly concerning the purchase order process and the status of the UPS replacement.

3.0 Coordination Meetings with Various Entities

3.1 Meeting with the Department of Energy on the 2025 Power Situation and Outlook

As requested by the MSC, the Department of Energy (DOE) representative presented the 2025 power outlook, highlighting committed power projects, associated transmission projects, and reserve profiles for Luzon, Visayas, and Mindanao.

The Committee was apprised of the details of the committed power projects for 2025, including 5,614 MW of capacity in Luzon, 952 MW in Visayas, and 232 MW in Mindanao, along with additional battery energy storage capacities for each region. The associated transmission projects were also highlighted, which were expected to be completed in 2025, such as the South Luzon and Visayas substation upgrading project, the Taguig 500 kV substation project, the Cebu – Lapu-Lapu 230kV transmission line project, and other critical projects supporting the new power capacities.

Further, the reserve profiles for Luzon, Visayas, and Mindanao were presented, indicating that no yellow or red alerts are expected in 2025, even during peak demand periods, such as summer and the election period.

The MSC likewise raised its observations about the persistent low-voltage issues in Mindanao which are further exacerbated by the high demand in the Zamboanga area. The DOE assured the MSC of continuous coordination with NGCP to find solutions related to these issues, including interim measures.

It was highlighted that the DOE are monitoring the potential yellow and red alerts if plants fail to supply power as scheduled closely, including conducting inspections to ensure that the committed capacities are met as scheduled, and if necessary, intervene to ensure timely completion of power projects.

Following concerns about committed capacities, the MSC also expressed concerns about plant capacities that may not be committed or supplied due to projected outages. It was clarified that the data used was based on the latest dependable capacity of existing plants and that grid uncertainty due to unforeseen outages had already been factored into the outlook.

Additionally, the MSC was apprised that there was an influx of applications to the DOE and ongoing policy preparations to encourage development, with a commitment to providing supporting documents to the MSC.

3.2 Coordination with the WESM Technical Committee (TC) Regarding the DOE Directive on the Conduct of Technical Study on Testing and Commissioning

The MSC discussed the Technical Committee's position on the matter as relayed during the coordination meeting on 05 February 2025 and TC letter dated 10 February 2025.

It was noted that the TC reiterated and highlighted its recommendations initially made in 2019, highlighting that prescribing a two-month blanket period (or even an extended 6-month period) for the entire test is counter-productive for the industry if the necessary information and detailed plans for power plant test and commissioning will not be provided. Further, benchmarking for the industry across various power plant technologies may only be done upon the availability of such detailed plans from generation companies.

The MSC agreed to draft a response letter to the DOE, acknowledging the directive and outlining steps undertaken by the MSC, including the results of its coordination with the Technical Committee and the recommendations, as previously submitted, and the policy provisions for monitoring of the implementation.

4.0 Other Activities and Accomplishments

4.1 Review of Various Department Circulars, Issuances, and Call for Comments

The MSC regularly reviewed various proposed amendments, department circulars, and/or resolutions in line with the Committee's mandates and responsibilities. This activity involved the following:

- *Call for Comments to the Proposed Amendments regarding Validation Process of Reported Discrepancies in the Dispatch Instruction Report*

The MSC was apprised on the summarized proposal from the NGCP regarding the WESM Manual on Dispatch Protocol Issue 22.1, which aims to address the lack of a revalidation process for discrepancy claims submitted by the SO to the MO, by including a provision for revalidating these claims and granting the SO an additional seven (7) working days to complete the process.

The MSC noted that the proposed amendment should include a timeline for the MO's procedure to review discrepancies reported by generators. Additionally, the Committee recommended a three-day review period before submission to the SO. Hence, the Secretariat will draft the comments of the MSC to be submitted to the RCC.

4.2 Market Studies

4.2.1 Review on the Initial Presentation of the Assessment of the Distribution Utilities (DUs) Participation in the WESM

The MSC was apprised on the initial assessment of the DUs and Electric Cooperatives' (ECs) participation in the WESM. This study will identify limitations and provide recommendations for compliance, leading to a more stable and efficient performance of their mandates.

During the presentation, some of the identified issues were as follows:

- The implementation of RCOA in Mindanao, launched by the DOE on 26 March 2024, may result in stranded capacities in PSAs. Key recommendations to address this include reallocating contracts, establishing carve-out provisions, and coordinating with the ERC to ensure a smooth transition and mitigate financial impacts.
- High spot exposures among DUs and ECs were observed starting in 2024, with unsuccessful Competitive Selection Processes (CSPs) identified as a major factor. Recommendations include simplifying the CSP process, granting exemptions for Embedded Generation (EG), RE sources, implementing demand aggregation, and reviewing the Bilateral Contract Quantity declaration process.
- Compliance with the Renewable Portfolio Standards (RPS), which accounts for 2.52% of the total demand in 2024, is required. Recommendations include contracting with RE resources, encouraging net-metering and distributed energy resources, and utilizing the Renewable Energy Market (REM) for compliance certificates.

In terms of ensuring the distribution network efficiency and stability, recommendations to include exploring BESS for regulation, utilizing Distributed Energy Resources (DERs) to improve voltage stability, and implementing net-metering solutions. It was noted that the DUs are allowed to own DERs up to 10 MW and suggested exploring the BESS. Also, it was recommended including the information dissemination in the study to inform potential participants.

In terms of ownership and profit allocation of Renewable Energy Certificates (REC), it was explained to the MSC that both DUs and generators can own RECs, potentially benefiting end-users. This raised concerns to the MSC regarding safeguards to prevent undue advantage on RECs, which is one target issue to be addressed in the study.

Additionally, during the discussion the initially presented recommendations are intended for multiple agencies, requiring coordination for effective implementation. It was suggested to invite participants to introduce the study and gather feedback from them.

4.3 Proposed Amendments to WESM Rules and Market Manuals

4.3.1 Discussion on the Proposed General Amendments to the WESM Manual on Ancillary Services Monitoring on Matters regarding the Reserve Conformance Standards and Related Enforcement Actions

As a background, the MSC recalled its submitted comments to the proposed general amendments on the ancillary services monitoring manual (ASMM), especially on the reserve conformance standards and other related enforcement actions. However, the Rules Change Committee (RCC) informed the Committee about the second set of amendments which superseded the first proposal and invited the Committee to submit comments.

There were no major changes noted from the previous proposal and the technical parameters of the proposal, including response accuracy in governor control mode, were introduced based on SO's feedback during the consultation meetings with the RCC. During its review, the MSC deems it appropriate that their previous comments are still applicable and agreed to resubmit the same.

4.3.2 Review of the Proposed Amendments to the WESM Rules and Market Manuals on the Procedures for Rules Changes to the WESM Penalty Manual and Enhancement of Market Surveillance Committee Processes

Following the previous recommendations of the MSC from the previous regular meetings, the MSC had a discussion on the proposed amendments to the WESM Rules and Market Manuals on the procedures for rules changes to the WESM Penalty Manual and enhancement of MSC processes.

During the deliberation, the following were the summary of the proposed changes:

- Clarification of MSC's procedure for review of Rules Changes to WESM Penalty Manual or Penalty Provisions
- Enhancement of MSC procedures / processes to streamline operations, clarify responsibilities, and align with current structural and procedural realities.

The MSC agreed to immediately implement the changes to the content of the monthly report and requested the Secretariat to draft a resolution to be submitted to the DOE and ERC for information. Additionally, the MSC suggested setting a timeline for the Rules Change Process to prevent delays, which the Committee agreed to incorporate into the internal business process.

4.4 Review of 2024 MSC Annual Report and the Proposed MSC 2025 Work Plan

In consideration of the 2025 Committee Work Plan, the MSC was apprised on the status of its 2024 activities highlighting completed activities, ongoing initiatives, and those to be carried over to 2025. The Committee's accomplishments for 2024, including the following:

- Submission of periodic market reports and unusual market outcomes;
- Monitoring activities conducted by WESM participants through submission of special / ad hoc reports and market studies;
- Review and submission of proposed amendments to the WESM Rules / Manuals;
- Conduct of coordination meetings with other Agencies and Entities.

The proposed MSC Work Plan for 2025 was discussed which includes the Committee's regular activities, market studies, and the proposed amendments to be authored by the Committee. Proposed changes to the target completion date of some activities slated for the year which requires pre-requisite activities were highlighted for the Committee's consideration.

The approved MSC Work Plan for 2025 was submitted to the PEM Board for information along with the MSC Annual Report which are both published in the PEMC website.

4.5 Attendance and Participation to the 2025 Market Participants' Townhall (MPT) and Electricity Market Exchanges (EMX)

The MSC attended and participated in the recently concluded 2025 Market Participants' Townhall and Electricity Market Exchanges on 21 March 2025 at the Wack Wack Golf and Country Club.

The MSC is currently composed of five (5) members, namely, Engr. Arthur N. Escalante as the Chairperson, Engr. Christian M. Orias, Engr. Ferdinand P. Villareal, Dr. Justin Ranier S. Chan, and Atty. Jose Frederick F. Fernando.