



Market Surveillance Committee Quarterly Accomplishment Report

01 April to 30 June 2025

JULY 2025

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

Document Information Classification: Public

The information contained in this document is based on data that are subject to continuous verification by the Philippine Electricity Market Corporation (PEMC). The same information is subject to change as updated figures come in.

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 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 were conducted through online platform/s (i.e., Microsoft Teams). Accordingly, during the 2nd quarter of 2025, the MSC conducted the following meetings:

- Regular Meeting No. 2025-04 held on 21 April 2025 (Online)
- Regular Meeting No. 2025-05 held on 15 May 2025 (Online)
- Regular Meeting No. 2025-06 held on 17 June 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 reports on 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"> ○ Proposed Amendment on Price Determination Methodology (PDM) and Billing and Settlement Manual (BSM) regarding Administered Price and Additional Compensation ○ DOE Decision on the Proposed Amendments to the WESM Penalty Manual ○ Proposed Amendment on the Billing and Settlement Manual (BSM) regarding Bilateral Contract Quantity (BCQ) Redeclaration

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	
Coordination meetings with other Agencies & Entities	<ul style="list-style-type: none"> ○ Coordination meetings with the Market Operator and System Operator on the Market Intervention events
Market Studies	<ul style="list-style-type: none"> ○ Discussion on the Initial Presentation for Generator Portfolio Analysis (2021 to 2024) ○ Discussion on the Updates on Monitoring of Possible Anti-Competitive Behavior (ACB)
Review of Market Catalogues and Indices	<ul style="list-style-type: none"> ○ Review on Updating of Thresholds for the Monitoring of Market Trigger and Interesting Pricing Events ○ Discussion on the Proposed Amendment regarding Catalogue of Retail Market Monitoring Data and Indices (CRMMDI)
Other Activities	<ul style="list-style-type: none"> ○ Discussion on the New Templates of the Market Reports ○ Discussion on the Corporate Strategic Plan Review ○ Status of the 2025 MSC Activities for the 1st Half of 2025 ○ Discussion on the UNOPS WESM Project: Survey for Market Participants ○ MSC Presentation to the RCC of Proposed Amendments to WESM Rules and Market Surveillance Manual

Table of Contents

1.0	Activities on Market Monitoring and Assessment	1
1.1	Assessment of Market Outcomes in the Wholesale Electricity Spot Market (WESM)	1
1.1.1	Monitoring and Assessment of Market Outcomes in the WESM	1
1.1.1.1	Monthly Market Assessment Reports	1
1.1.1.2	Quarterly Market Assessment Report for Q1 2025	3
1.1.2	Review of Over-riding Constraints	4
1.1.2.1	Monthly Over-riding Constraints	4
1.1.2.2	Quarterly Over-riding Constraints Report for Q1 2025	7
1.1.3	Market Trigger and Interesting Pricing Events.....	8
1.1.4	Review of Market Intervention Events	8
1.2	Assessment of the Retail Market – Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP)	9
1.2.1	Monthly Retail Market Assessment Highlights.....	9
1.2.2	Quarterly Retail Market Assessment Report for Q1 2025.....	13
2.0	Coordination Meetings with Various Entity/ies	13
2.1	Meeting with MO and SO for the Market Intervention Events	13
3.0	Proposed Amendments to WESM Rules and Market Manuals	14
3.1	Review of the Proposed Amendment on Price Determination Methodology (PDM) and Billing and Settlement Manual (BSM) regarding Administered Price and Additional Compensation.....	14
3.2	Discussion on the DOE Decision on the Proposed Amendments to the WESM Penalty Manual.....	14
3.3	Discussion on the Proposed Amendment on the Billing and Settlement Manual (BSM) regarding Bilateral Contract Quantity (BCQ) Redeclaration.....	15
4.0	Other Activities and Accomplishments	15
4.1	Market Studies	15
4.1.1	Discussion on the Initial Presentation for Generator Portfolio Analysis (2021 to 2024)	15
4.1.2	Discussion on the Updates on Monitoring of Possible Anti-Competitive Behavior (ACB).....	16
4.2	Review of Market Catalogues and Indices	16
4.2.1	Review on Updating of Thresholds for the Monitoring of Market Trigger and Interesting Pricing Events.....	16
4.2.2	Discussion on the Proposed Amendment regarding Catalogue of Retail Market Monitoring Data and Indices (CRMMDI).....	16
	Discussion on the Corporate Strategic Plan Review	17
4.3	for 2025.....	17

4.4 Status of the 2025 MSC Activities for the 1st Half of 2025..... 17

4.5 Discussion on the UNOPS WESM Project: Survey for Market Participants 18

4.6 MSC Presentation to the RCC of Proposed Amendments to WESM Rules and Market
Surveillance Manual 18

1.0 Activities on Market Monitoring and Assessment

1.1 Assessment of Market Outcomes in the Wholesale Electricity Spot Market (WESM)

1.1.1 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).

1.1.1.1 Monthly Market Assessment Reports

During the quarter, the MSC assessed WESM results for the billing periods of February to April 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
February 2025	21 April 2025	<ul style="list-style-type: none"> • The total registered capacity in the Wholesale Electricity Spot Market (WESM) declined to 29,867 MW, reflecting a 0.31% reduction compared to the previous billing period. Consequently, the following trends in system capacity were noted: <ul style="list-style-type: none"> ○ Nominated/offered capacity averaged at 20,472 MW, representing 68.54% of the total registered capacity; ○ Capacity not offered/nominated averaged at 4,774 MW representing 15.98% of the total registered capacity; ○ Plants on commissioning averaged at 1,145 MW representing 3.83% of the total registered capacity; and ○ Capacity on outage averaged at 3,531 MW, representing 11.82% of the total registered capacity. • The effective supply was observed to rise by 1.17%, despite the 3.07% increase in demand.

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*

Billing Period	Date Discussed	MSC Assessment Highlights
		<ul style="list-style-type: none"> • The Load Weighted Average Price (LWAP) continued its downward trend. The resulting LWAP was at PHP2,806/MWh, which is 3.07% lower than the previous month. • In terms of market concentration, the market remained <u>not concentrated</u> when measured using the Herfindahl-Hirschman Index (HHI), indicating a competitive landscape. • In the reserve market, the maximum total registered capacity was recorded at 5,529 MW, accounting for 18% of the total registered capacity in the WESM. The recorded maximum registered capacity increased by 0.02% when compared to the previous billing period.
March 2025	15 May 2025	<ul style="list-style-type: none"> • The total registered capacity in the WESM declined to 29,861 MW, reflecting a 0.02% reduction compared to the previous billing period. Also, the following trends were noted: <ul style="list-style-type: none"> ○ Nominated/offered capacity averaged at 19,487 MW, representing 65.26% of the total registered capacity; ○ Capacity not offered/nominated averaged at 4,791 MW representing 16.05% of the total registered capacity; ○ Plants on commissioning averaged at 744 MW representing 2.49% of the total registered capacity; and ○ Capacity on outage averaged at 4,823 MW, representing 16.15% of the total registered capacity. • The average effective supply was observed to rise by 4.30%, while an increase of 5.91% was noted for the average demand. • Contrary to the observed downtrend of the LWAP in the preceding months, the resulting average LWAP for the billing period spiked at PHP5,634/MWh, which is 100.74% higher when compared to the previous month. • In terms of market concentration, the market remained not concentrated when measured using the HHI, indicating a competitive landscape. • In the reserve market, the maximum total registered capacity¹ was recorded at 5,430.40 MW, accounting for 18% of the total registered capacity in the WESM. The recorded maximum registered capacity decreased by 1.78% when compared to the previous billing period.

Billing Period	Date Discussed	MSC Assessment Highlights
April 2025	17 June 2025	<ul style="list-style-type: none"> • The total registered capacity in the WESM declined to 29,794 MW, reflecting a 0.22% reduction compared to the previous billing month. The following changes were noted: <ul style="list-style-type: none"> ○ Capacity offered/nominated capacity averaged at 21,028 MW, representing 70.58% of the total registered capacity ○ Capacity NOT offered/nominated averaged at 5,237 MW representing 17.58% of the total registered capacity ○ Plants under commissioning averaged at 858 MW representing 2.88% of the total registered capacity ○ Capacity on outage averaged at 2,729 MW, representing 9.16% of the total registered capacity • The average effective supply was observed to rise by 7.62%, while an increase of 7.73% was noted for the average demand. • Following the spike in the LWAP from the previous month, the average LWAP for the billing period declined to PHP4,789/MWh, a 14.99% decrease. This trend was observed at the onset of the summer season, as declared by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA). Despite the rise in demand, the relatively low level of capacity on outage resulted in greater available supply, mainly contributing to the price reduction. • In terms of market concentration, the market remained not concentrated when measured using the HHI, indicating a competitive landscape. • During the discussion on outages, the Committee agreed to emphasize in its report that the prohibition for planned outages of generating plants during peak periods should also be applied to transmission lines.

MARs are prepared and submitted to both the DOE and ERC upon availability of the processed and validated data received from both Market Operator (MO) and System Operator (SO).

1.1.1.2 Quarterly Market Assessment Report for Q1 2025

The MSC reviewed the results of the market assessment report for the 1st quarter of 2025. Highlights of the report are as follows:

- The total registered capacity in the WESM declined to 29,861 MW, representing a 0.34% decrease or a decline of 101 MW. The following changes were noted:

- Four newly-registered plants with a total of 165.8 MW capacity
- Two deregistered plants with a total of 85.2 MW due to mothballing – other factors may also contribute to plant deregistration, such as plant exits, and other operational considerations
- A net reduction of 181.6 MW resulted from changes in the registered capacity of 21 plants
- Approximately 16% of the time, capacities not offered were attributed to resource constraints of RE plants, particularly geothermal and hydro facilities
- A downtrend in the LWAP was observed compared to previous billing periods:
 - The quarter-on-quarter comparison indicated 11% decline
 - Month-on-month comparison revealed that it was during February to March when an increasing trend was observed compared to the previous months, as follows:
 - December 2024 to January 2025: 15% decrease
 - January to February 2025: 9% decrease
 - February to March 2025: 101% increase
- During the discussion, the Committee noted the outages that coincided with the hot-dry season and investigated signs of possible market manipulation. It was, however, clarified that these observed events involved forced outages which are monitored by the Enforcement and Compliance Office (ECO). To support this, the following issuances and existing programs for monitoring outages in the market were discussed:
 - DOE DC No. DC2020-02-0004 which prohibits planned outages during hot season
 - Existing metrics implemented by the Energy Regulatory Commission (ERC) that define the allowable number for forced outages
 - Grid Operating and Maintenance Program (GOMP)
 - Existing procedure by ECO for investigating and justifying outages

1.1.2 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 February to April 2025 billing periods.

1.1.2.1 Monthly Over-riding Constraints

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

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
February 2025	21 April 2025	<ul style="list-style-type: none"> • A total of 118,331 OC impositions were recorded across all regions • Luzon accounted for 93,276 OC impositions, representing 79% of the total system OC: <ul style="list-style-type: none"> ○ Solar plants remained to have the highest number of OC within the region, due to the conduct of commissioning tests ○ In terms of scheduled capacities, coal plants, on average, had the largest capacities due to various tests conducted for commercial and regulatory requirements • In Visayas, there were a total of 20,000 OC impositions, equivalent to 17% of the total system OC <ul style="list-style-type: none"> ○ Solar plants had the highest number of OC impositions due to their conduct of commissioning tests ○ Coal plants, on average, had the largest capacities scheduled due to the conduct of emission test • Mindanao was recorded with 5,055 OC impositions representing 4% of the total system OC <ul style="list-style-type: none"> ○ Oil-based plants were recorded having the highest no. of OC impositions, with plants being dispatched as Must-Run Unit (MRU) in the region to address system voltage requirements ○ Oil-based plants, on average, had the largest capacities scheduled due to the conduct of performance tests and dispatch of MRU during the period • The MSC was apprised that no response was yet received in relation to the Committee's letter with the SO regarding its observation on the continuous dispatch of MRU in Mindanao.
March 2025	15 May 2025	<ul style="list-style-type: none"> • A total of 87,639 OC impositions were recorded across all regions • Luzon accounted for 57,008 OC, representing 65% of the total system OC: <ul style="list-style-type: none"> ○ Solar plants remained to have the highest number of OC within the region, due to their conduct of commissioning tests ○ In terms of scheduled capacities, coal plants, on average, had the largest capacities due to emission and

Billing Period	Date Discussed	Highlights
		<p>performance tests conducted for commercial and regulatory requirements</p> <ul style="list-style-type: none"> • In Visayas, there were a total of 25,888 OC impositions, equivalent to 30% of the total system OC <ul style="list-style-type: none"> ○ Solar plants had the highest number of OC impositions due to their conduct of commissioning tests ○ Coal plants, on average, had the largest capacities scheduled due to the conduct of ancillary service and performance tests • Mindanao was recorded with 4,743 OC impositions representing 5% of the total system OC <ul style="list-style-type: none"> ○ Oil-based plants were recorded having the highest no. of OC impositions, with plants being dispatched as MRU in the region to address system voltage requirements ○ Biofuel plants, on average, had the largest capacities scheduled due to the conduct of performance test during the period
April 2025	17 June 2025	<ul style="list-style-type: none"> • A total of 89,898 OC Impositions were recorded across all regions • Luzon accounted for 58,325 OC impositions, representing 65% of the total system OC: <ul style="list-style-type: none"> ○ Solar plants remained to have the highest number of OC impositions in the region, primarily due to the conduct of commissioning tests ○ In terms of scheduled capacities, coal plants had the largest average capacities, driven by performance and grid compliance tests conducted for commercial and regulatory requirements • In Visayas, a total of 28,118 OC impositions were recorded, equivalent to 31% of the total system OC: <ul style="list-style-type: none"> ○ Hydro plants had the highest number of OC impositions due to their conduct of commissioning tests ○ Coal plants had the largest average scheduled capacities, attributed to the conduct of ancillary service and dispatch of MRU • Mindanao was recorded with 3,455 OC impositions representing 4% of the total system OC:

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> ○ Oil-based plants had the highest number of OC impositions, as they were dispatched as MRUs to address system voltage requirements in the region ○ Coal plants had the largest average scheduled capacities, due to emission tests, ancillary service tests, and dispatch of MRU during the period ● Given the observed continuous extensions of the Provisional Certificate of Approval to Connect (PCATC), the MSC agreed to include this as an item for confirmation with the SO during the coordination meeting, to identify the root causes and the reasons behind the plants' extension requests

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

1.1.2.2 Quarterly Over-riding Constraints Report for Q1 2025

The MSC reviewed the monitoring of over-riding constraints for the 1st quarter of 2025. 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 comparison of the same period last year showed a significant increase in impositions related to commissioning tests, marking a 37% surge year-on-year, primarily due to:
 - The entry of new power plants into the market
 - Extended testing periods for certain facilities which commenced their commissioning test in 2024
- For the impositions of OC by category and by incident, the following were observed:
 - 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 (particularly in Zamboanga and Agusan del Norte)
 - Commissioning tests remained the leading cause of non-security limit impositions
- For the impositions of OC by plant type, it was noted that RE plants accounted for the highest number of constraints, with solar, wind and geothermal plants

experiencing the most impositions specifically related to the conduct of commissioning tests

- It can also be observed that 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
- Deviations between Real-Time Dispatch (RTD) schedules and actual generation were observed across all plant types with OC. The comparison reveals that deviations between RTD scheduled and actual generation are prevalent across all resource types when OCs are imposed

1.1.3 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
March 2025	A total of 123 price spikes occurred during the billing period. Of these, 95 occurred during peak hours while the remaining 28 occurred during off-peak hours. Additionally, nine (9) days out of 28 days had price spike events while trading hour 1900h was noted to have had the highest number of spike events.
April 2025	A total of 81 price spikes occurred during the billing period, 49 of which took place during peak hours, while the remaining 32 occurred during off-peak hours. Additionally, price spike events were observed on eight (8) out of 31 days, with trading hour 2100h recording the highest number of spike events.
May 2025	A total of 34 price spikes occurred during the billing period, 33 of which took place during peak hours, while the remaining 1 occurred during off-peak hour. Additionally, price spike events were observed on two (2) out of 30 days, with trading hour 1900h recording the highest number of spike events.

1.1.4 Review of Market Intervention Events

The MSC discussed the results of MAG's initial assessment on the Market Intervention (MI) events which occurred on 13 November 2024, 08 February 2025, and 10 April 2025, in consideration of the available information provided on the submitted reports and supporting documents by either the SO or the 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
13 November 2024	SO	19 intervals (1535h-1705h)	Visayas	Force Majeure	Unimplementable RTD schedule due to the down state of the Visayas Inter-Control Center Communications Protocol (ICCP) data source
08 February 2025	SO	14 intervals (1740h-1845h)	Visayas	Force Majeure	Unimplementable RTD schedule caused by the down state of the Visayas-ICCP data source
10 April 2025	MO	8 intervals (1155h – 1230h)	Luzon, Visayas, Mindanao	Force Majeure	Failure to generate RTD schedule due to network connection problems

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

1.2 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:

1.2.1 Monthly Retail Market Assessment Highlights

Billing Period	Date Discussed	Highlights
February 2025	21 April 2025	RCOA <ul style="list-style-type: none"> The recorded total registered Contestable Customers (CCs) was at 2,195, with twenty (20) newly registered CCs in the market. The first Retail Aggregated Group

Billing Period	Date Discussed	Highlights
		<p>(RAG) was noted to have registered during the billing period which is included in the total number of registered CCs.</p> <ul style="list-style-type: none"> • The combined market share of top three Major Participant Group (MPG) was recorded at 68.8%, comprised of the following: <ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CCs reached 2,078 GWh • The share of CC consumption in total end-user demand reached up to 23.21% • The load factor of CCs was recorded at 82.93% • The level of spot exposure was at 7.27% • There were nine (9) recorded customer switches: <ul style="list-style-type: none"> ○ 3 switches were noted within the same MPG ○ 6 CCs were observed to have switched to Retail Electricity Suppliers (RES) from other MPG • The level of competition under RCOA per MPG remained to be Concentrated based on the HHI <p>GEOP</p> <ul style="list-style-type: none"> • The recorded total registered GEOP End-users (GEUs) was at 529, with five (5) newly registered GEUs in the market • The combined market share of the top three MPG was recorded at 91.3%, comprised of the following: <ul style="list-style-type: none"> ○ Ayala Group ○ Energy Development Corporation (EDC Group) ○ Others: Shell Energy Philippines, Inc. • The total energy consumption of GEUs reached 72 GWh • The share of GEU consumption in total end-user demand was 0.8% • The load factor of GEUs was recorded at 72.91% • The level of spot exposure recorded was 0.07% • The level of competition under GEOP per MPG remained to be highly concentrated based on the HHI
March 2025	15 May 2025	<p>RCOA</p> <ul style="list-style-type: none"> • The total number of registered CCs was recorded at 2,216, including twenty-three (23) newly registered CCs in the market. Additionally, two (2) new RAGs entered the

Billing Period	Date Discussed	Highlights
		<p>RCOA, bringing the total number of registered RAGs to three (3).</p> <ul style="list-style-type: none"> • The combined market share of the top three MPG was recorded at 68.5%, comprised of the following: <ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CCs reached 1,918 GWh • The share of CC consumption in total end-user demand reached up to 22.26% • The load factor of CCs was recorded at 82.29% • The level of spot exposure was at 5.93% • There were twenty-four (24) recorded customer switches: <ul style="list-style-type: none"> ○ 8 switches were noted within the same MPG ○ 16 CCs were observed to have switched to RES from other MPG • The level of competition under RCOA per MPG remained to be Concentrated based on the HHI <p>GEOP</p> <ul style="list-style-type: none"> • The recorded total registered GEUs was at 562, with thirty-three (33) newly-registered GEUs in the market • The combined market share of the top three MPG was recorded at 91.1%, comprised of the following: <ul style="list-style-type: none"> ○ Ayala Group ○ EDC Group ○ Others: Shell Energy Philippines, Inc. • The total energy consumption of GEUs reached 71 GWh • The share of GEU consumption in total end-user demand was 0.81% • The load factor of GEUs was recorded at 71.65% • The level of spot exposure recorded was 0.15% • The level of competition under GEOP per MPG remained to be highly concentrated based on the HHI
April 2025	17 June 2025	<p>RCOA</p> <ul style="list-style-type: none"> • The total number of registered CCs was recorded at 2,238, including 26 newly registered CCs in the market. Additionally, four (4) new RAGs entered the RCOA, bringing the total number of registered RAGs to seven (7). • The combined market share of top three MPG was recorded at 69%, comprised of:

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CCs reached 2.055 GWh. • The share of CC consumption in total end-user demand reached 20.10%. • The load factor of CCs was recorded at 60.15%. • The level of spot exposure was at 2.68%. • There were 36 recorded customer switches and four (4) ceased CCs. • The level of competition under RCOA per MPG was noted to be highly concentrated, based on the HHI of Merger Guidelines of the United States Department of Justice (DOJ) and the Federal Trade Commission (FTC). <p>GEOP</p> <ul style="list-style-type: none"> • The total number of registered GEUs was recorded at 581, with 19 newly registered GEUs in the market. • The combined market share of the top three MPG was recorded at 91.4%, comprised of: <ul style="list-style-type: none"> ○ Ayala Group ○ EDC Group ○ Others: Shell Energy Philippines, Inc. • The total energy consumption of GEUs reached 80 GWh. • The share of GEU consumption in total end-user demand was 0.78%. • The load factor of GEUs was recorded at 68.50%. • The level of spot exposure recorded was 0.23%. • The level of competition under GEOP per MPG remained to be highly concentrated, similar with RCOA, based on the HHI.

In view of the discussion of the highlights on the RCOA program, the MSC initially discussed the possible establishment of a defined success rate or performance metric for both the RCOA and Retail Aggregation Program (RAP), which will be for further discussion with the DOE and ERC.

1.2.2 Quarterly Retail Market Assessment Report for Q1 2025

RCOA

- The market saw a net increase of 60 registered CCs, bringing the total number to 2,216. This represents 61% of all eligible end-users as of 25 March 2025.
- RAP saw its first registrant during the billing period, namely, Manila Water, Bank of the Philippine Islands (BPI), and Philippine Cultural College (PCC) becoming the inaugural Retail Aggregated Groups (RAGs) to successfully register in their consumption in the CREM.
- At the major participant group level, the market is still considered concentrated. However, at per supplier level, concentration level continues to decline.
 - Marubeni Group formed as a new MPG in the program, claiming 5% of the market share in terms of consumption.
- On average, retail generation rates were 9% lower than Distribution Utility (DU) rates resulting in an estimated savings of PHP 2.99 billion for Q1 2025.
- There were 97 customer switches, with nearly 94% driven by contract expirations.
- Most MPGs showing retention rates above 90%. Ayala and Citicore groups have the highest number of acquired new customers, while Aboitiz, San Miguel, and EDC groups had the lowest growth rate during the billing period.

GEOP

- The program added 47 new end-users, bringing the total number of participants to 562. The increase slowed during this quarter, only at 9.13%, compared to the 21.75% increase in the previous quarter.
- The market remains highly concentrated and is structured as an oligopoly, with the C4 concentration ratio exceeding 95%. The Ayala Group expanded its market share to 65% of all GEOP end-users and 63% of total energy consumption.
- 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 supply 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 and submitted to the PEM Board, the DOE, and the ERC, and was likewise published on the PEMC website.

2.0 Coordination Meetings with Various Entity/ies

2.1 Meeting with MO and SO for the Market Intervention Events

During the period covered, the MSC conducted a series of coordination meetings with both the MO and the SO to gather further information and address additional inquiries raised by the Committee. These efforts were undertaken to support the completion of its assessment of the Market Intervention events that occurred in November 2024, February 2025, and April 2025.

Following these discussions, the MSC requested additional information and documentation to serve as supporting references for its assessment.

3.0 Proposed Amendments to WESM Rules and Market Manuals

3.1 Review of the Proposed Amendment on Price Determination Methodology (PDM) and Billing and Settlement Manual (BSM) regarding Administered Price and Additional Compensation

In connection with the study concluded in 2024 by the Committee on the economic impact of Market Intervention and Suspension in the WESM, the MSC included as part of its activities for 2025, to introduce the following proposed amendments to the relevant provisions of the Rules and Market Manuals.

- Amendments to the methodology employed in determining the Administered Price to provide a clear explanation of how the administered prices were derived, including the historical data and intervals considered.
- Amendments to the Billing and Settlement, particularly on the criteria for generators to be eligible for filing of additional compensation.

In view of the initial proposed amendments to be introduced, the MSC deliberated the results of the initial simulations to evaluate how the Administered Price (AP) will be calculated based on the proposed methodologies tailored to account the number of affected trading intervals during MI. After the discussion, the Committee agreed to conduct further simulations and study the impact of the revised calculations.

3.2 Discussion on the DOE Decision on the Proposed Amendments to the WESM Penalty Manual

In relation to the DOE Decision received on 14 April 2025, the Committee discussed the highlights of the disapproval of the DOE on the proposed amendments on the WESM Penalty Manual, which aims to:

- Transfer of responsibility to collect penalty from MO to PEMC
- Utilization of Penalty
- Change in Timeline for implementation of Enforcement actions
- Transfer of provisions / section on Request for Reconsideration and Appeal from Penalty to Enforcement and Compliance Manual
- Minor and clerical corrections

In view of the abovementioned Decision, the MSC attended the scheduled meeting between PEMC and MO with the DOE to discuss the concerns related to the decision and the related provisions of the Ancillary Service Manual (ASM). In addition, the Committee likewise discussed the matter to the PEM Board for information and further discussion.

3.3 Discussion on the Proposed Amendment on the Billing and Settlement Manual (BSM) regarding Bilateral Contract Quantity (BCQ) Redeclaration

The MSC was informed on the status of activities related to the Committee's activity to initiate proposed amendment on the BSM regarding BCQ redeclaration. It was highlighted in the discussion that the MO is also targeting to introduce revisions to the manual specifically on Sections 9.1.10 to 9.1.12, based on the previous discussion with the RCOA Technical Working Group (TWG).

The proposed amendment stems from a major issue affecting RE suppliers, specifically the inconsistency in data from Metering Service Providers (MSPs), which includes the following concerns:

- RE suppliers incur spot exposures due to mismatches between BCQ declarations based on Daily MQs and subsequent adjustments in the Monthly MQ, resulting in discrepancies and unintended spot market exposures
- Some RE suppliers rely on historical energy consumption data when daily MQ data is unavailable

To ensure compliance, the Committee agreed on the importance of clearly defining the timeline for notifying RE suppliers and for the redeclaration or rectification of any variances in their bilateral contract declarations.

4.0 Other Activities and Accomplishments

4.1 Market Studies

4.1.1 Discussion on the Initial Presentation for Generator Portfolio Analysis (2021 to 2024)

The MSC discussed the initial observations and issues encountered for the conduct of generator portfolio analysis covering the period of 2021 to 2024.

The analysis aims to update the portfolio mapping in the WESM by identifying the current ownership and affiliations of power plants, analyzing major generation portfolios to understand key market players and the influence of dominant portfolios, assessing the overall market structure and competition, and providing recommendations, as necessary, to the DOE and ERC.

Several concerns were raised including the availability of updated company information to account for the latest details on the ownership and affiliations. Several suggestions were made to address the identified issues including requesting assistance of several

agencies for the availability of the data needed such as ERC, the Market Participants themselves, and the MO.

4.1.2 Discussion on the Updates on Monitoring of Possible Anti-Competitive Behavior (ACB)

The MSC discussed the updates on the monitoring of possible ACB based on the framework and parameters proposed by the previously engaged consultant for monitoring, identifying, and mitigating ACB in the WESM.

With the limitations on the available information necessary in the monitoring, the MSC agreed to use pseudo reference values based on historical information on the behavior of the Market Participants. With the current monitoring tool in place, it was noted that it can generate initial flagging based on predefined conditions, which may then be transmitted for possible investigation of ACB by the ERC.

4.2 Review of Market Catalogues and Indices

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

As part of the regular activities of the MSC for the year, the MSC reviewed and discussed the results of the simulation conducted to establish a revised threshold for determining price triggers in the market in consideration of the recent updates in the system.

The result showed that the current methodology might not be applicable for the purpose of determining a more dynamic threshold. The Committee then agreed to introduce a revision to the methodology to consider the natural characteristics and dynamics of the market prices, as well as its interaction with the other variables.

After the deliberation, the approved proposed thresholds based on the revised methodology were agreed to be presented to the ERC for their information and to seek guidance, comments, and approval. Further, the Committee will submit the corresponding discussion paper and Resolution, for reference of the ERC.

4.2.2 Discussion on the Proposed Amendment regarding Catalogue of Retail Market Monitoring Data and Indices (CRMMDI)

As part of its activities for 2025, the MSC discussed the summary of the proposed amendments identified to the CRMMDI to reflect the following:

- Alignment with related provisions of the updated version/s of the Market Manuals

- Updated definition of terms to include the descriptions of the new programs such as GEOP and RAP, and to align terminologies across the three retail market programs through the use of generalized terms
- Revision of the frequency of the review of the catalogue from periodic to annual to ensure consistency with other market manuals
- Inclusion of the term 'As Necessary' in the frequency of the review to provide flexibility for additional reviews when warranted by market conditions
- Introduction of the new metrics for supplier structure and retail activity—already utilized in published reports

During its deliberation, the MSC raised additional suggestions to incorporate a weighted component for retail rates and estimated savings, and to provide additional rationalization for the adoption of new indices to serve as clear guidelines on the analysis and assessment to be used by the Committee.

4.3 Discussion on the Corporate Strategic Plan Review for 2025

The MSC discussed and submitted its comments to PEMC's corporate strategic plan. Further, the Committee has noted the alignment of the proposed MSC work plan with the following presented and discussed corporate objectives:

- Goal 1: Provide a Reliable and Transparent WESM and REM Through Effective and Efficient Governance
- Goal 2: Support Initiatives and Programs for the Energy Sector through Compliance with Policy and Regulatory Directives
- Goal 3: Achieve Organizational Excellence and Operational Efficiency

4.4 Status of the 2025 MSC Activities for the 1st Half of 2025

Coming to the end of the 1st half of 2025, the MSC noted and approved the status of MSC activities based on the 2025 work plan, and the possible revisions to the timeline of the below activities for the remaining months of the year:

- Review and update of the Catalogue of Market Monitoring Data and Indices (CMMDI) and the Catalogue of the Retail Market Monitoring Data and Indices (CRMMDI)
- Proposed Amendments to the WESM Rules and Market Manuals on the Administered Pricing Methodology
- Proposed Amendments to the WESM Rules and Market Manuals on BCQ Declaration
- Initial presentation of the Study on the Behavior of Ramp Rates Submission

4.5 Discussion on the UNOPS WESM Project: Survey for Market Participants

As a background, the MSC was informed regarding the study being conducted by PEMC in partnership with the UNOPS – Energy Transition Partnership (UNOPS-ETP), which aims to enhance the spot market to attract investments in renewable energy. In this regard, the Committee was requested to assist in conducting a survey among market participants as part of the study.

Recognizing the objective of the survey, the MSC suggested seeking assistance from both the DOE and ERC, and inviting them to participate in the survey's dissemination to increase response rates, given their greater authority in the market. Furthermore, the Committee agreed to revert the survey questions with the consultant, for consideration of the comments raised.

4.6 MSC Presentation to the RCC of Proposed Amendments to WESM Rules and Market Surveillance Manual

In view of the scheduled RCC deliberation of MSC proposal on the amendments to the Penalty Manual and other enhancements to MSC processes, the Committee briefly discussed the following proposed changes and their corresponding rationale:

- Clarification of MSC's procedure for review of Rules Changes to the Penalty-related provisions
 - While the WESM Penalty Manual provides guidance on the process that each proposed amendment undergoes—from deliberation to the commenting of various entities required by the WESM Rules, including WESM Members—clear procedures to be followed by the proponent and even the MSC in the performance of its mandate are yet to be established.
- Enhancement of MSC processes
 - Given the evolving nature and needs of the WESM and the Retail Market, and the continuous learning that comes from the operations and experiences of the Committee, the enhancements and clarifications to its procedures and its outputs are necessary

After the deliberation, the RCC approved the publication of the proposed amendment in the PEMC website on 25 June 2025 with deadline for the submission of comments until 05 Aug 2025.

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 Roderick F. Fernando.