Market Surveillance Committee Quarterly Accomplishment Report

01 July to 30 September 2025

OCTOBER 2025

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

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 Market[1], 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 3rd quarter of 2025, the MSC conducted the following meetings:

- Regular Meeting No. 2025-07 held on 17 July 2025 (Online)
- Regular Meeting No. 2025-08 held on 14 August 2025 (Online)
- Regular Meeting No. 2025-09 held on 11 September 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	
Discussion of periodic market reports and reports on unusual Market Outcomes	○ Market Assessment Reports (monthly statistics, quarterly and annual) ○ Over-riding Constraints Reports (monthly statistics, quarterly and annual ○ Retail Market Assessment Reports (monthly statistics, quarterly and annual) ○ Review Reports on Market Intervention Events ○ Notable Market Outcome Reports (upon occurrence)
Review / Submit proposed amendments to the WESM Rules / Manuals	○ MSC Proposed Amendments to WESM Rules and Market Manuals regarding the Penalty-related Rules Changes
Coordination meetings with other Agencies & Entities	○ Meeting with MO and SO for the Market Intervention Events ○ Meeting with the NGCP for Clarifications of the MSC ○ Meeting with the Technical Committee on the result of its Study on the Islanding Situation in the WESM Leading to Market Intervention and Suspension

[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	
Market Studies	○ Discussion on the Proposed Outline for the Study on the Behavior of Ramp Rate Submission of Trading Participants
Review of Market Catalogues and Indices	○ Review on Updating of Thresholds for the Monitoring of Market Trigger and Interesting Pricing Events
Other Activities	○ Discussion on the Request for Information to ERC for the Market Participant Portfolio ○ Review of Various Department Circulars, Issuances and RCC Call for Comments

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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 May to July 2025, as discussed in the Monthly Market Statistics prepared by MAG. The highlights of which are as follows:

Billing Period	Date Discussed	Highlights

May 2025	17 July 2025	• The total registered capacity declined to 29,714 MW, reflecting a 0.27% reduction compared to the previous billing month.
		• The breakdown of capacity profile are as follows:
		  ○ Capacity offered/nominated averaged at 22,047 MW, representing 74.20% of the total registered capacity
		  ○ Capacity not offered/nominated averaged at 5,659 MW representing 19.05% of the total registered capacity
		  ○ Plants under commissioning averaged at 612 MW representing 2.06% of the total registered capacity
		  ○ Capacity on outage averaged at 1,435 MW, representing 4.83% of the total registered capacity
		• The average effective supply was observed to rise by 2.90%, while an increase of 3.20% was noted for the average demand
		• The average LWAP for the billing period declined to PHP4,171/MWh, a 12.91% decrease that is attributed to the improved supply-demand balance and increased capacity availability

[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	Highlights
June 2025	14 August 2025	• The total registered capacity rose to 29,725 MW, reflecting a 0.04% minimal increase compared to the previous billing period. The breakdown of capacity profile is as follows: ○ Capacity offered/nominated averaged at 21,160 MW, representing 71.19% of the total registered capacity, and was lower (by 887 MW) than the average capacity in the previous billing period. ○ Capacity not offered/nominated averaged at 5,397 MW representing 18.16% of the total registered capacity, which experienced minimal decline from the previous month. ○ Plants under commissioning averaged at 456 MW representing 1.54% of the total registered capacity ○ Capacity on outage averaged at 2,643 MW, representing 8.89% of the total registered capacity which was higher by 1,248 MW when compared to the last billing period. • The average effective supply was observed to decline by 4.18%, and a decrease of 4.16% was noted for the average demand • The resulting average Load Weighted Average Price (LWAP) for the billing period declined to PHP 4,018/MWh, or 3.66% decrease compared to the previous month It was noted that the decrease in average demand may be closely linked to lower temperatures and the occurrence of typhoons in the Philippines during the period. Meanwhile, the LWAP declined compared to the previous billing period, consistent with the low prices observed in prior months despite the summer season. The Committee also highlighted an observation on 14 to 15 June 2025, when a sharp reduction in offered capacity was recorded, primarily involving natural gas plants. The coordination with the Enforcement and Compliance Office (ECO) revealed that the decrease was initially attributed to pipeline maintenance which persisted until the latter part of the billing month.
July 2025	11 September 2025	• The total registered capacity declined to 29,690 MW, reflecting a 0.12% minimal decrease compared to the previous billing period. The breakdown of capacity profile is as follows: ○ Capacity offered/nominated averaged at 20,589 MW, representing 69.35% of the total registered capacity, and was lower (by 571 MW) than the average capacity in the previous billing period. ○ Capacity not offered/nominated averaged at 5,491 MW representing 18.50% of the total registered capacity,

Billing Period	Date Discussed	Highlights
		which experienced minimal increase from the previous month. ○ Plants under commissioning averaged at 158 MW experienced significant decline from 456 MW in June 2025 billing period. ○ Capacity on outage averaged at 3,470 MW, representing 11.69% of the total registered capacity which was higher by 827 MW when compared to the last billing period. • The average effective supply was observed to decline by 4.08%, and a decrease of 5.05% was noted for the average demand. • The resulting average LWAP for the billing period rose to PHP 4,120/MWh, or 2.52% higher as compared with the previous month • During the period of 27 June 2025 1700h to 28 June 2025, 0110h, 2025, the Luzon-Visayas High-Voltage Direct Current (HVDC) was on outage due to technical issues encountered during the correction of cut strand between Tower 91-92 350kV TL2, resulting in no power flow from Luzon to Visayas or vice versa. • For the July Billing period, a noticeable increase in the flow of power from Luzon to Visayas was observed – occurring 45% of the time in this period compared to 22% of the time from June billing period. This is mainly due to the increase in the capacity on outage in the Visayas Region. In the reserve market, the total registered capacity was recorded at 5,218.61 MW, accounting for 18% of the total registered capacity in the market. The recorded maximum registered capacity decreased by 1.79% when compared to the previous billing period.

1.1.1.2 Annual Market Assessment Report for 2024

The highlights of the Committee's market assessment from a system-wide perspective for billing year 2024 are as follows:

- By the end of 2024 billing year, the system-wide total registered capacity recorded at 29,962 MW which translates to a 10% increase from the previous year.

- Regional registered capacities and the corresponding changes from the previous year were recorded:
    - Luzon – 21,863.30 MW, 73% of the total capacity and 12% increase
    - Visayas – 3,676.30 MW, 12% of the total capacity and 7% increase
    - Mindanao – 4,422.40 MW, 15% of the total capacity and 2% increase

- The average capacity on outage increased from 3,165 MW to 3,671.81 MW, representing a 16% rise compared to the previous year. Further, this accounts for 13% of the total average registered capacity.

- In terms of outage category, planned, maintenance, and forced outages showed significant increases in 2024, averaging 28%, with no recorded deactivated shutdowns for the year.

- In 2024, coal plants comprised more than half of the entire generation mix in the grid, ranging from 56% to 63%, despite having only around 42% share in registered capacity. Meanwhile, geothermal plants maintained the highest utilization, despite representing just 6% of the total registered capacity. The capacity factor of geothermal plants reached 66% for the year, primarily driven by their consistent plant availability, stable resource supply, and classification as preferential/priority dispatch units.

- In line with the set targets of the DOE for the energy transition to renewable energy (RE) resources, the generation from these plants was recorded at 23% for 2024. As a reference, the aspirational target of DOE is currently set at 35% by 2030, as outlined in the Philippine Development Plan (PDP) 2023–2050 which will include generation from off-grid areas.

- The Philippine Gross Domestic Product (GDP) posted a year-on-year growth rate of 5.65%. In terms of on-grid electricity demand, an 8.13% growth rate was recorded, increasing from an average of 12,858.02 MW in the previous year to 13,903.74 MW in 2024. The stronger growth in electricity demand relative to GDP indicates rising electricity consumption driven by increased industrial activities and improvements in overall energy necessity within the economy.

- The year-on-year comparison of the Load-Weighted Average Price (LWAP) posted an average decrease of 14.25%, from PHP 6,511/MWh in 2023 to PHP 5,583/MWh in 2024, signaling an improvement in supply availability within the grid.

- Daily spot energy transactions (in MWh) increased from 17.95% to 22.91% in 2024, in line with the overall rise in electricity demand. Despite this growth in spot market activity, the majority of available capacity remained covered by bilateral contracts.

After the deliberation, the Committee approved the Annual Market Assessment Report for 2024 and subsequently submitted the report to the DOE, ERC, and PEM Board.

1.1.1.3 Quarterly Market Assessment Report for Q2 2025

The MSC reviewed the results of the market assessment report for the 2nd quarter of 2025. Highlights of the report are as follows:

- By the end of 2nd quarter of 2025, the total registered capacity in the WESM was recorded at 29,724.8 MW. This represents a 0.46% decrease, or a decline of 136.2 MW, compared to the 29,861 MW recorded from the previous quarter. While this is the case, only 72% or an average of 21,422 MW was offered/nominated in the market. This is a 7.12% increase compared to 19,998 MW from the previous quarter. The observed increase in offered/nominated capacity is attributed to the decline in capacity on outage for 2nd quarter of 2025.

- The capacity of plants under Commissioning test decreased by 38.67% at 643 MW when compared to 1,048 MW in the previous quarter. This translates to a 2% share in the total registered capacities.

- Capacities on outage represent 8% of the total registered capacities. By the end of the period in review, the capacities on outage declined by 44.67%, averaging at 2,278 MW compared to the previous quarter at 4,118 MW.

- Coal power plants, which held the largest share of registered capacity, consistently generated the highest portion of electricity across all monthly billing periods. Similarly, they remain to contribute more than half of the total generation during the entire quarter. This dominance highlights the country's heavy reliance on coal as a primary energy source, emphasizing its crucial role in the power generation sector.

- The overall system demand for electricity increased by an average of 12.23% during the covered period, reaching an average consumption of 14,970 MWh. This increase was anticipated, as 2nd quarter coincided with the summer season, with the highest recorded demand recorded at 19,052 MW which occurred on 23 April 2025 at 1440h trading interval.

- The load-weighted average price (LWAP) was recorded at an average of PHP4,327.31/MWh – a 13.12% increase when compared to the previous quarter. Meanwhile, the per interval LWAP exhibited fluctuating patterns, primarily influenced by the interplay between supply and demand across the system.

- The load-market participants' spot market transactions experienced a minimal decline, averaging at 20.81%, compared to 21.28% in previous quarter. This indicates that majority of total energy purchases remained covered by bilateral contracts.

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

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 May to June 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 May to June 2025, as discussed in the report prepared by MAG. The highlights of which are as follows:

Billing Period	Date Discussed	Highlights

May 2025	17 July 2025	The May 2025 monthly statistics reflected a decline in the total number of impositions compared to the previous month, with renewable energy (RE) plants accounting for the highest share—primarily due to ongoing testing and commissioning activities.
		
		• Luzon accounted for 47,571 OC impositions, representing 67% of the total system OC:
		  ○ Solar plants remained to have the highest number of OC impositions in the region, primarily due to the conduct of commissioning tests along with the wind plants.
		  ○ 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 26,660 OC impositions were recorded, equivalent to 32% of the total system OC:
		  ○ Hydro plants had the highest number of OC impositions due to their conduct of commissioning tests along with the wind plants.
		  ○ Solar plants had the largest average scheduled capacities, attributed to the conduct of commissioning tests.

[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

		• Mindanao was recorded with 1,057 OC impositions representing 1% of the total system OC:
		  ○ Oil-based plants had the highest number of OC impositions, due to the emission test along with the coal plants.
		  ○ Coal plants had the largest average scheduled capacities, due to emission tests.
		
		• There are 13 plants under commissioning tests where 11 plants have valid extensions of the Provisional Certificate of Approval to Connect (PCATC), one (1) plant had secured its Final Certificate of Approval to Connect (FCATC), and one (1) plant commenced their commissioning test during the period.

June 2025	14 August 2025	• The June 2025 monthly statistics reflected a decline in the total number of impositions compared to the previous month, with RE plants accounting for the highest share—primarily due to ongoing testing and commissioning activities.
		
		• Luzon accounted for 42,500 OC impositions, representing 60% of the total system OC:
		  ○ Solar plants remained to have the highest number of OC impositions in the region, primarily due to the conduct of commissioning tests along with the wind plants.
		  ○ In terms of scheduled capacities, coal plants had the largest average capacities, driven by ancillary service and emission tests conducted for commercial and regulatory requirements.
		
		• In Visayas, a total of 24,767 OC impositions were recorded, equivalent to 35% of the total system OC:
		  ○ Hydro plants had the highest number of OC impositions due to their conduct of commissioning tests along with the wind plants.
		  ○ Coal plants had the largest average scheduled capacities, attributed to the conduct of emission and grid compliance tests.
		
		• Mindanao was recorded with 3,195 OC impositions representing 5% of the total system OC:
		  ○ Oil-based plants had the highest number of OC impositions due to the emission test.

Billing Period	Date Discussed	Highlights
		○ Coal plants had the largest average scheduled capacities due to emission tests. • There were 12 plants under commissioning tests during the period. Five (5) plants had valid extensions of the PCATC, six (6) plants had secured its FCATC, and one (1) plant commenced their commissioning test during the period. • The MSC noted improvements in the statistics for plants undergoing commissioning tests, as several plants had already secured FCATCs after multiple extensions of their PCATCs, with only a few still conducting tests during the billing period. It was also reported that some plants under FCATC continued to be subjected to OC after their effective dates, based on IEMOP data. This was attributed to the ongoing MPI process and the validity of their PCATCs, as coordinated with the NGCP.

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 Annual Over-riding Constraints Report for 2024

The MSC reviewed the results of monitoring of over-riding constraints for the 2024 billing year. Highlights of the report were as follows:

- For 2024, the SO imposed a significantly higher number of OC compared to the previous year. This upward trend was observed consistently across all quarters, with non-security-related impositions continuing to account for most of the observations.

- Non-security impositions remained predominantly driven by commissioning tests. Although a quarter-on-quarter decline was recorded, attributable to the completion of tests for several generating units, commissioning-related impositions still accounted for a substantial share.

- Security-related constraints were exclusively linked to the dispatch of Must-Run Units (MRUs), primarily oil-based plants in the Mindanao grid. These units were deployed to address voltage stability and thermal limit issues.

- On a year-on-year basis, commissioning test-related constraints surged by 209%, primarily due to (i) the entry of new generating plants into the market and (ii) extended testing timelines for certain facilities.

- OC peaked between 0500h and 2000h, following a trend like previous year. 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 the year 2024, deviations between real time dispatch (RTD) schedules and actual generation were observed across all plant types with over-riding constraints and prevalent across all resource types.

- In 2024, the MSC continued to observe repeated extensions of commissioning tests beyond the allowable period prescribed under the DOE's Department Circular—i.e. a two-month period with a possible one-month extension. Considering these persistent trends, the Committee formally raised its observations to the concerned participants and the SO and likewise informed the DOE and the ERC of the results of its coordination.

1.1.2.3 Quarterly Over-riding Constraints Report for Q2 2025

The MSC reviewed the monitoring of over-riding constraints for the 2nd quarter of 2025. Highlights of the report were as follows:

- The total number of over-riding constraints imposed by the SO saw a significant decline (27.41%) compared to the previous quarter.

- The 2nd quarter marked a 35% dip year-on-year following the reduction of plants under commissioning tests which was either caused by the commencement of operations of some plants during the period in review or the decline in plants undergoing testing periods for certain facilities with extended commissioning tests.

- Looking at the impositions by Category and Incidents:
    - Despite the reduction, the overall trend remained consistent with previous reports, with non-security limits continuing to dominate the total impositions. Commissioning tests remained the leading cause of non-security limit impositions.

    - Security limit impositions were mostly associated with plants needed to support voltage stability in the Mindanao region, real-power balancing and frequency control, thermal limits of lines, and inability to follow real-time dispatch (RTD) schedule below minimum stable load as experienced by ten (10) plants.

- In terms of resource type:
    - RE plants accounted for the highest number of impositions, with solar, wind, hydro, and geothermal plants experiencing the most impositions specifically related to the conduct of commissioning tests.

- It can also be observed that OC impositions peaked between 0500h and 2000h, following a trend like in 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 the 2nd quarter of 2025, deviations between OC imposition and actual generation were observed across all plant types.
  - The highest difference noted for the quarter is related to the Kalayaan Hydro Electric Power Plant 2 at 148 MW during 0200h interval on 22 April 2025.

1.1.2.4 Discussion on the Market Impact of Over-riding Constraints

The MSC reviewed the results of previous simulations assessing the market impact of OC impositions. Two conditions were tested: (1) removal of all OC-covered capacities, and (2) removal of all except those under testing and commissioning.

Condition 1 was found to lack sufficient basis, as most OCs involved testing and commissioning, particularly from RE plants, are expected to contribute positively to market supply. Even if RE plants were removed and treated as commercially operating, they would still be preferential plants occupying a place in the merit order of dispatch, thereby having no effect on market outcomes. Meanwhile, Condition 2 revealed minimal to no market impact, with most affected offers still clearing below prevailing market prices.

The percentage statistics presented also support the minimal impact of OC on the total registered capacity in the market, showing a breakdown by plant types categorized as scheduled, non-scheduled, and must-dispatch.

Given these findings, the MSC proposed shifting from monthly to quarterly OC monitoring reports, with immediate reporting reserved for significant events or impacts.

1.1.2.5 Discussion on the NGCP Response on the Observed Over-riding Constraints Impositions for the Dispatch of MRU in Mindanao

The MSC reviewed NGCP's response to its inquiry regarding the observed dispatch of MRUs in Mindanao. In its reply letter, it was explained that impositions of OC were primarily for reactive power support to manage voltage stability issues in the region and claimed that these instances were possibly misclassified as standard MRU operations. MAD, however, referenced data from NGCP's own security limit files, confirming that the dispatch reasons aligned with MRU dispatch criteria under system voltage requirements of the Dispatch Protocol Manual.

The MSC also noted the presence of a Static Synchronous Compensator (STATCOM) in the Zamboanga Peninsula, which may address related voltage issues.

With this, the MSC agreed to invite representatives from NGCP to seek further clarification will be sent to NGCP (See section 2.2 of this report).

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
June 2025	A total of 52 price spikes were recorded during the billing period, 34 of which occurred during peak hours, while the remaining 18 took place during off-peak hours. Additionally, price spikes were observed on four (4) out of the 31 days, with trading hour 2100h registering the highest number of spikes.
July 2025	A total of 42 price spikes were recorded, 41 of which occurred during peak hours, while the remaining 4 occurred during off-peak hours. Additionally, price spikes were observed on seven (7) out of the 30 days, with trading hour 1900h registering the highest number of spikes.
August 2025	A total of 203 price spikes were recorded, 165 of which occurred during peak hours, while the remaining 28 happened during off-peak hours. Additionally, price spikes were observed on sixteen (16) out of the 31 days, with trading hour 1900h still registering the highest number of spikes, similar with the previous billing period.

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 11 and 14 June 2025, and 08 February 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
08 February 2025	SO	14 intervals (1740h – 1845h)	Visayas	Force Majeure	Unimplementable real-time dispatch (RTD) schedule caused by the down state of the Visayas Inter-Control Center Communications Protocol (ICCP) data source.

Date	Initiated by	Interval/s	Region/s Affected	Classification	Reason
11 June 2025	MO	11 intervals (2310h – 2400h)	Luzon, Visayas, Mindanao	Force Majeure	Failure in Market Participant Interface (MPI) bid data transfers, resulting in incomplete transfer of offers and nominations which disrupted the RTD, Hour-Ahead Projection (HAP), and Base Application (BAPP) pre-processing that led to a core dump, subsequently preventing successful market run execution.
14 June 2025		11 intervals (2310h – 2400h)	Luzon, Visayas, Mindanao	Force Majeure	

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 – Competitive Retail Electricity Market (CREM) 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 CREM 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
May 2025	17 July 2025	**CREM** • The total number of registered Contestable Customers (CCs) was recorded at 2,265, including 28 newly registered CCs in the market. Additionally, two (2) new Retail Aggregated Groups (RAGs) entered the CREM, bringing the total number of registered RAGs to nine (9)

Billing Period	Date Discussed	Highlights

		• The combined market share of top three market participant group (MPG) was recorded at 69.1%, comprised of:
		  ○ MERALCO Group
		  ○ Aboitiz Group
		  ○ Ayala Group
		
		• The total energy consumption of CCs reached 2,099 GWh.
		
		• The share of CC consumption in total end-user demand reached 20.47%
		
		• The load factor of CCs was recorded at 80.36%.
		
		• The level of spot exposure level was at 3.25%.
		
		• There were 25 recorded customer switches and one (1) ceased CC.
		
		• Based on the latest available data from the ERC, the weighted average retail generation rate reached PHP 5.63/kWh.
		
		GEOP
		• The total number of registered GEOP End-Users (GEUs) was recorded at 597, with 17 newly registered GEUs in the market
		
		• The combined market share of the top three MPG was recorded at 91.8%, comprised of:
		  ○ Ayala Group
		  ○ Energy Development Corporation (EDC Group)
		  ○ Shell Energy Philippines, Inc.
		
		• The total energy consumption of GEUs reached 82 GWh.
		
		• The share of GEU consumption in total end-user demand was 0.79%.
		
		• The load factor of GEUs was recorded at 70.27%.
		
		• The level of spot exposure recorded was 0.30%.
		
		• The computed RE supplier average price reached PHP 6.74/kWh based on the latest available data from ERC.

Billing Period	Date Discussed	Highlights

June 2025	14 August 2025	**CREM**
		• The total number of registered CCs was recorded at 2,290, including 26 newly registered CCs in the market. Additionally, three (3) new RAGs entered the CREM, bringing the total number of registered RAGs to twelve (12).
		• The combined market share of top three MPG was recorded at 68.8%, comprised of:
		  ○ MERALCO Group
		  ○ Aboitiz Group
		  ○ Ayala Group
		• The total energy consumption of CCs reached 2,212 GWh, which is 5.39% higher than the previous period.
		• The share of CC consumption in total end-user demand reached 21.73%.
		• The load factor of CCs was recorded at 81.10%, which is slightly higher than last month.
		• The level of spot exposure level was at 4.07%, which is 25.26% higher than the previous period.
		• There were 15 recorded customer switches and one (1) ceased CC.
		• The observed weighted average retail generation rate reached PHP 5.63/kWh.
		GEOP
		• The total number of registered GEUs was recorded at 627, with 32 newly registered GEUs in the market.
		• The combined market share of the top three MPG was recorded at 91.9%, comprised of:
		  ○ Ayala Group
		  ○ EDC Group
		  ○ Shell Energy Philippines, Inc.
		• The total energy consumption of GEUs increased by 6.49% at 87 GWh during the period.

Billing Period	Date Discussed	Highlights
		• The share of GEU consumption in total end-user demand was 0.85%. • The load factor of GEUs was recorded at 71.26%, which is slightly higher than the May 2025 billing period. • The level of spot exposure recorded was 0.36%. • The RE supplier average price reached PHP 6.74/kWh. • During the billing period, the Committee has taken note the percentage of spot exposure of GEUs due to non-compliance with the 100% Renewable Energy (RE) sourcing requirement.

July 2025	11 September 2025	**CREM**
		• The total number of registered CCs was recorded at 2,323, including 33 newly registered CCs in the market. Additionally, nine (9) new RAGs entered the CREM, bringing the total number to 21.
		• The combined market share of top three MPG was recorded at 68.6%, comprised of:
		  ○ MERALCO Group
		  ○ Aboitiz Group
		  ○ Ayala Group
		• The total energy consumption of CCs reached 2,139 GWh, which is 3.27% lower than the previous billing period.
		• The share of CC consumption in total end-user demand reached 22.94%.
		• The load factor of CCs was recorded at 82%, which is 1.12% slightly higher than last billing period.
		• The spot exposure level was at 5.41%, which is 17.45% higher than the previous period.
		• There were 15 recorded customer switches, and no ceased operations.
		• The weighted average retail generation rate reached PHP 5.34/kWh, which is lower than the previous billing period.

Billing Period	Date Discussed	Highlights
		GEOP • The total number of registered GEUs was recorded at 665, with 38 newly registered GEUs in the market. • The combined market share of the top three MPG was recorded at 91.1%, comprised of: ○ Ayala Group ○ EDC Group ○ Shell Energy Philippines, Inc. • The total energy consumption of GEUs decreased by 2.04% at 85 GWh during the period. The share of GEU consumption in total end-user demand was 0.91%. • The load factor of GEUs was recorded at 72.12%, which is 1.20% higher than the June 2025 billing period. • The level of spot exposure recorded was 0.01%, which is 98.16% drop from last month. • The RE supplier average price reached PHP 6.02/kWh, which was higher than the June 2025 billing period.

In view of the discussion of the highlights on the CREM, the MSC initially discussed the possible establishment of a defined success rate or performance metric for both the CREM 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 Q2 2025

CREM

- A net increase of 74 Contestable Customers (CCs) brought total registrations to 2,290, representing 61.5% of all eligible end-users. Majority of which were in Luzon (85%) and were primarily commercial customers (54%). Thirty-seven Retail Electricity Suppliers (RES) and two Local RES actively ser
- ed CCs.
- Market concentration among major participant groups remained at medium levels, with the MERALCO Group maintaining the largest share—34% of CCs and 28% of energy consumption.
- Weighted-average retail generation rates under CREM were 17% lower than those of Distribution Utility rates, resulting in estimated savings of PHP 6.33 billion for CCs.

- Customer switching remained high, with 76 switches recorded, mostly due to contract expirations. Bilateral contracts continued to dominate the market, with spot market exposure remaining below 5%.

GEOP

- There were 68 new end-users were noted during the billing period, raising the total to 627, of which 85% were in Luzon and predominantly under the commercial industry (82%).

- Nineteen (19) Renewable Energy (RE) Suppliers and one (1) Local Renewable Energy Supplier (LRES) were registered, with 10 actively serving GEOP end-users.

- Market concentration remained high, with the Ayala Group accounting for 67% of end-users and 65% of total energy consumption. The top four (4) suppliers collectively held over 80% of the market, reflecting oligopolistic conditions.

- Consumption was heavily concentrated in MERALCO's franchise area (75%), followed by Visayan Electric Company (VECO) (12%).

- Spot market reliance under GEOP remained minimal at less than 1%, this does not ensure that all purchased energy was sourced entirely from renewable, contrary to the requirement of the program.

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 February and June 2025.

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

2.2 Meeting with the NGCP for Clarifications of the MSC

The MSC invited the representatives of the NGCP on 07 August 2025 for a discussion to gather further information and clarification on 1) imposition of OC for MRU, 2) extensions of PCATC for plants under commissioning, 3) deviations between RTD and actual generation, and 4) clarifications on the additional supporting documents related to 08 February 2025 MI event.

To address the issue of repeated PCATC extensions, the MSC proposed that NGCP conduct internal monitoring and assessment of plants prior to approving extension requests. This matter will also be raised with the DOE and ERC.

On the matter regarding observed RTD and actual generation discrepancies, the MSC discussed assessing the economic impact of such deviations and setting thresholds or criteria before coordinating with the involved generators.

2.3 Meeting with the Technical Committee on the result of its Study on the Islanding Situation in the WESM Leading to Market Intervention and Suspension

In view of the MSC's previous request, the Technical Committee (TC) presented to the Committee the result of its study in relation to islanding in the WESM which lead to initiation of the MI and Market Suspension (MS). The study likewise contained the TC's observations on the process flow of both the SO and MO.

The TC emphasized the need for clearer parameters in declaring MI and MS, noting that security breaches may not automatically warrant such actions. It was highlighted that only an unimplementable RTD, as determined by SO, should justify the declaration of MI. Furthermore, the MSC recommended exploring whether grounds apart from the unimplementable RTD that may also be considered valid triggers for MI.

Following the discussion, the MSC will review the current procedures regarding MI attribution and the reasons for declaration of MI apart from unimplementable RTD.

3.0 Proposed Amendments to WESM Rules and Market Manuals

3.1 MSC Proposed Amendments to WESM Rules and Market Manuals regarding the Penalty-related Rules Changes

The MSC acknowledged the key points of the presentation of the Committee to the RCC regarding proposed amendments to the WESM Rules and Market Manuals concerning penalty provisions. The highlights of the RCC meeting are as follows:

- Scope of the proposed process – The rules change process, as proposed, applies specifically to the WESM Penalty Manual.
- Urgent Amendments – The proposed amendment does not currently distinguish between general and urgent amendments, to which the MSC agreed to consider in the proposal.
- RCC and PEM Board involvement in the approval process for penalty manual amendments – The MSC's authority to submit penalty manual changes directly to the DOE was based on the Department Circular DC2006-11-0013, promulgated by the DOE.

After the 30-day stakeholder commenting period and upon the endorsement of the RCC Secretariat, the MSC deliberated the comments received from Aboitiz Power Corporation (AP), NGCP, and Millennium Energy Incorporated (MEI) / Panasia Energy Incorporated (PEI),

wherein a line-by-line discussion of the consolidated feedback was conducted to address the comments.

Most of the comments primarily sought clarification on the MSC's mandate to oversee proposed amendments to the WESM Penalty Manual, a responsibility assigned to the Committee since 2006.

Upon deliberation, the MSC the proposed responses were submitted to the RCC.

4.0 Other Activities and Accomplishments

4.1 Market Studies

4.1.1 Discussion on the Proposed Outline for the Study on the Behavior of Ramp Rate Submission of Trading Participants

The MSC discussed the proposed outline for a study on the behavior of ramp rate submissions, which revealed that many generating units submit ramp rates lower than their registered capabilities. The study will include the following:

- Introduction – provided information on the provisions of the WESM Rules / Must-Offer rule, Registration Manual, and the Philippine Grid Code (PGC) for ramp rates
- Objectives of the study – understand the effect in market outcomes and provide relative recommendations
- State of the market – include WESM statistics and registered capacities and ramp rates
- Review of other jurisdictions – look at the ramp rates monitoring and implementation in USA, Australia, and Singapore electricity markets
- Analysis and assessment – analyze and assess the behavior in ramp rates submissions and the results to the market
- Simulation
- Conclusion and recommendations

The study may also contribute to identifying potential ACB and should incorporate strengthened regulatory monitoring, compliance criteria, and audit mechanisms.

The importance of a forward-looking approach was likewise highlighted, encouraging the MO to assess ramp rates across the entire one hour instead of focusing solely on 5-minute trading intervals.

4.2 Review of Market Catalogues and Indices

4.2.1 MSC Presentation to ERC on the Review of Market Trigger and Interesting Pricing Event Thresholds

The MSC presented to the ERC on 01 July 2025 the result of the Committee's simulation to update the market trigger and interesting pricing event thresholds. During the said meeting, the ERC requested the sample data and suggested further simulations for consideration by the Committee.

In addition, the MSC, with support from the MAD, will conduct further analysis comparing the proposed methodology against the current approach which aims to validate the suitability of the proposed threshold-setting method.

As agreed, a discussion paper detailing the proposed methodology, references, and sample computations will be submitted to the ERC for further consideration.

4.2.2 Discussion on Further Simulation Related to the Updated Market Trigger Threshold

In view of the discussion of the thresholds with the ERC, the MSC, with the assistance of MAD, reviewed the results of additional simulations for updating the market trigger thresholds. Simulations were conducted using both the current threshold and the proposed threshold, with results indicating a comparable number of observed price spikes under both scenarios.

To further validate the proposed threshold, the MSC recommended further comparative analysis under the current threshold against the intervals identified under the proposed threshold to confirm the basis for the flagged intervals and determine whether they represent valid cases of abnormally high price spikes.

4.3 Discussion on the Request for Information to ERC for the Market Participant Portfolio

In relation to the MSC's initiative to conduct analysis on the generator portfolio, the MSC requested the ERC through a formal letter seeking reconsideration of the Committee's previous request for Market Participant Portfolio data.

The letter emphasized the potential risks of data inaccuracy should PEMC undertake its own corporate mapping and the financial implications to PEMC in case it proceeds with the recommended referencing to the Securities and Exchanges Commission (SEC).

To address any possible confidentiality concerns, the MSC considered alternatives such as redacting sensitive information in the reports. It was also reiterated that only the ERC and DOE, as intended recipients, would have access to unredacted data.

4.4 Review of Various Department Circulars, Issuances and RCC Call for Comments

- **Framework for the Integration of Nuclear Energy in the Clean Energy Scenario (CES) under the Philippine Energy Plan (PEP) 2023 – 2050**

  No comments or clarifications were raised by the Committee.

- **Adopting a General Framework Governing the Establishment of a Capacity Market in the Philippines**

  No comments or clarifications were raised by the Committee.

- **Discussion on the Call for Comments for the Proposed General Amendments to various WESM Manuals on the option to use the Final Metered Quantity (MQ) data as the basis for the Final Bilateral Contract Quantity (BCQ) of a Fully Contracted Generation Company**

  The MSC noted the highlights of the proposed amendments and agreed to recommend that Jobin-SQM Inc.'s (JSI's) proposal be revised to allow customers to determine the capacity to be covered by Bilateral Contract Quantity (BCQ), particularly for GEOP transactions flagged as non-compliant with the DOE Department Circular due to spot exposures arising from discrepancies between daily and monthly Metered Quantity (MQ).

  Following the discussion, the MSC agreed to submit comments in relation to the proposal of JSI to the RCC, subject to finalization of the wording of the comments.

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.