



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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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 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. Accordingly, during the 4th quarter of 2025, the MSC conducted the following meetings:

- Regular Meeting No. 2025-10 held on 16 October 2025 (Online)
- Regular Meeting No. 2025-11 held on 13 November 2025 (Online)
- Regular Meeting No. 2025-12 held on 11 December 2025 (Online)

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	<ul style="list-style-type: none"> ○ 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	<ul style="list-style-type: none"> ○ Deliberation of Comments and Inquiries to the Proposed Amendments to WESM Rules and Market Manuals regarding the Penalty-related Rules Changes
Coordination meetings with other Agencies & Entities	<ul style="list-style-type: none"> ○ Meeting with MO and SO for the Market Intervention and Suspension Events
Market Studies	<ul style="list-style-type: none"> ○ Generator Outage Study ○ Reserve Market Assessment ○ Assessment on the Visayas Dispatchable Reserve Market

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	
	Outcomes and Participants' Behavior <ul style="list-style-type: none">○ UNOPS-ETP and PEMC Project: Enhancing the Spot Market to Attract Investments to Renewables
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
Other Activities	<ul style="list-style-type: none">○ Review of Various Department Circulars, Issuances and RCC Call for Comments<ul style="list-style-type: none">• ERC Resolution on Lowering of Contestability Threshold in the Retail Market to 100kW

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

Billing Period	Date Discussed	Highlights
August 2025	16 October 2025	<p><u>Energy Market:</u></p> <ul style="list-style-type: none"> The total registered capacity declined to 29,672 MW, reflecting a minimal 0.06% decrease as compared to the previous billing period. Both the average effective supply and demand increased by 1.46% and 1.91%, respectively. The resulting average Load Weighted Average Price (LWAP) for the billing period rose to PHP 4,845/MWh, or 17.62% higher as compared with the previous month. This coincides with the existence of yellow alerts during 01, 04, 05, and 06 August 2025. On 01 August 2025 both the Mindanao and Visayas grids were placed under yellow alert, while only the Visayas grid remained under yellow alert on the subsequent dates. Throughout most of the August 2025 billing period, the High Voltage Direct Current (HVDC) transfer limit from Luzon to Visayas was consistently reached. This reflects increasing demand and reduced available capacity in the Visayas grid, primarily due to outages.

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
		<ul style="list-style-type: none"> Given the tight supply margin experienced during the billing period, a significant number of pivotal suppliers were observed, peaking at 260 on 05 August 2025, 1620h. <p><u>Reserve Market:</u></p> <ul style="list-style-type: none"> In the reserve market, the total registered capacity was recorded at 5,359.33 MW, accounting for 18% of the total registered capacity in the market. This marks a 2.70% increase compared to the previous billing period. During the billing period, specifically from time interval 0005h to 0130h of 05 August 2025, the Market Management System (MMS) did not receive reserve requirements from the System Operator (SO) in a timely manner. Consequently, a Price Error Notice (PEN) was issued by the IEMOP for the affected intervals. The pricing rerun and settlement shall be in accordance with WESM Manuals and relevant procedures. These were noted in a letter from the Market Operator (MO) addressed to the WESM Governance Arm, dated 18 August 2025.
September 2025	13 November 2025	<p><u>Energy Market:</u></p> <ul style="list-style-type: none"> Market Intervention (MI) events occurred on 16 and 19 September 2025 (a total of 17 intervals) due to MO's Business Continuity Process (BCP) simulations. Decrease in average system demand and average capacity on outage was observed. The maximum total outage in Luzon reached 5,129 MW on 31 August, due to the forced outages of Sual Coal-Fired Power Thermal Plants 1 and 2, Ilijan Natural Gas Combined-Cycle Power Plant 2, and the planned outage of GNPowder Dinginin Coal Plant - Unit 1. Decrease in both system and regional LWAP was recorded. There was no imposition of the Secondary Price Cap throughout the billing period. HVDC flow from Luzon to Visayas occurred 86% of the time. The maximum number of pivotal suppliers recorded was 247 (recorded on 19 September at 0730h). <p><u>Reserve Market:</u></p> <ul style="list-style-type: none"> There was an observed minimal decrease in the total registered capacity under the reserve market compared to the previous billing period.

Billing Period	Date Discussed	Highlights
October 2025		<p><u>Energy Market:</u></p> <ul style="list-style-type: none"> • Several MI and Market Suspension (MS) events were recorded during the billing period, the details of which are detailed below: <ul style="list-style-type: none"> ○ MI and MS on 30 September–02 October due to Cebu earthquake ○ MI on 01 and 09 October due to failure in generating Real-Time Dispatch (RTD) results ○ MI on 10 October due to Davao earthquake ○ MI on 10, 15, and 24 October due to overloading of Cebu-Mandaue 138kV L2 and Compostela SS 100MVA TR2 • A slight increase in total registered capacity (0.32%) was observed, with upticks on average capacity of plants on commissioning and average capacity not offered/nominated and a significant increase on average capacity on outage noted. Furthermore, coal plants had the highest share in registered capacity across all regions. • An increase in average effective supply of 5.43% and average demand of 1.45% was recorded. • A significant increase in both regional and system LWAP was observed, with regional surges ranging from 36–58%. Notably, price spikes were recorded in almost 23 days during the period, which could be attributed to the higher number of outages observed. • The observed forced outages spiked in Visayas and Mindanao during the period in review are due to the occurrence of earthquakes. <p><u>Reserve Market:</u></p> <ul style="list-style-type: none"> • A slight increase (equivalent to 0.74%) in the total registered capacity was observed during the billing period.

1.1.1.2 Quarterly Market Assessment Report for Q3 2025

The MSC reviewed the results of the market assessment report for the 3rd quarter of 2025. Highlights of the report are as follows:

- As of the end of Q3 2025, the total registered capacity in the WESM was recorded at 29,890.1 MW, reflecting a 165.3 MW increase or 0.56% compared to the 29,724.8 MW recorded as of 25 June 2025. Only 68.64% of the recorded registered capacity or an average of 20,516.25 MW was offered / nominated in the market. This is a 4.23% decrease compared to Q2 2025, which can be attributed to the increase in capacity on outage during this period. On a year-on-year basis, this represents a growth of 408.8 MW or 1.39% compared to the registered in Q3 2025.

- The capacity not offered/nominated has minimal increase of 0.70% by the end of Q3 2025 which averaged at 5,471.33 MW when compared to Q2 2025 at 5,433.20 MW.
- The capacity of plants under Commissioning test significantly decreased during the period, dropping by 443.77 MW or 69.02% compared to the preceding quarter. This reduction translates to a 0.67% share of the total registered capacity during the quarter.
- The capacities on outage for the quarter represent 11.76% of the total registered capacities. By the end of the period in review, the capacities on outage increased by 1,236.62 MW or 54.27%, compared to Q2 2025 at 2,278.46 MW.
- The increase in total outages was primarily attributed to the increase of outages of coal power plants, showing an increase by 1,307.62 MW or 189.59% compared to the preceding quarter.
- Coal power plants, which held the largest share of registered capacity, consistently generated the highest portion of electricity across all monthly billing periods. Despite a decline in coal's share during Q3 compared to Q2, coal remained the dominant source of generation. This still reinforces coal's role as primary source of energy.
- The overall system demand decreased as Q3 2025 coincided with the typhoon season. The lower demand was recorded at 10,615.33 MW which occurred on 20 July 2025 at 0555h trading interval. Coincidentally, the heat index was recorded to have lowest at 31.2°C during the same day.
- The LWAP was recorded at an average of PHP3,872.19/MWh – a 10.53% increase compared to the preceding quarter. On a year-on-year basis, this represents a 29.21% decrease compared to the recorded LWAP in Q3 2024.
- The spot market transactions experienced a slight decrease during Q3 2025, averaging 14.90%, compared to 20.81% in Q2 2025. 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 Notable Market Outcomes from September to November 2025

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
September 2025	Price spikes occurred on 9 out of 31 days, covering 27 intervals (1 off-peak and 26 peak). Most spikes were observed in the Visayas and Mindanao regions (26 intervals) and system-wide (1 interval), with Tuesdays showing the most occurrences and the 1900h trading hour having the highest frequency. The primary causes identified were increased demand and reduced supply due to outages.
October 2025	Price spikes occurred on 23 out of 30 days, covering 228 intervals (41 off-peak and 187 peak), with Thursdays showing the most occurrences and the 1900h trading hour having the highest frequency.
November 2025	Price spikes occurred on 13 out of 31 days, covering 174 intervals (19 off-peak and 155 peak). Most spikes were observed in the Visayas and Mindanao regions (138 intervals), with Thursdays showing the most occurrences and the 1800h trading hour having the highest frequency.

1.1.3 Review of Market Intervention Events

The MSC discussed the results of MAG's initial assessment on the Market Intervention (MI) and Market Suspension (MS) events which occurred on September to October 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:

- The 16 and 19 September 2025 MI events caused by the conduct of the Business Continuity Plan (BCP) simulation

Date	No. of Intervals	Declared by	Region Affected	Reason
16 September 2025	8 intervals (0725h – 0800h)	MO	Luzon, Visayas, Mindanao	Failure of the MMS to generate Real-Time Dispatch (RTD) results following the switchover of the MMS from the main site to the backup site.
	1 interval (0920h)	MO	Luzon, Visayas, Mindanao	
	1 interval (0935h)	MO	Luzon, Visayas, Mindanao	
19 September 2025	4 intervals (0720h – 0735h)	MO	Luzon, Visayas, Mindanao	Failure of the MMS to generate RTD results following the system switchover downtime from the main site to the backup site.
	3 intervals (1115h – 1125h)	MO	Luzon, Visayas, Mindanao	

- The September–October 2025 MI and MS events, majority of which occurred due to the failure to generate RTD results due to earthquakes in Visayas (Cebu) and Mindanao (Davao Oriental)

Date	No. of Intervals	Declared by	Region Affected	Reason
30 September - 01 October 2025	255 intervals (2205h – 1915h)	SO	Visayas	Multiple tripping of transmission lines and generators
01 October 25	3 intervals (0300h – 0310h)	MO	Luzon, Mindanao	Failure to generate RTD results
01-02 October 2025	316 intervals (0145h – 0405h)	ERC	Bohol Sub-Grid	Earthquake which caused multiple line tripping
01-02 October 2025	498 intervals (0145h – 1910h)	ERC	Leyte-Samar Sub-Grid	Earthquake which caused multiple line tripping
09 October 2025	1 interval (1700h)	MO	Luzon, Visayas, Mindanao	Failure to generate RTD schedules
	2 intervals (1755h – 1800h)	MO	Luzon, Visayas, Mindanao	Failure to generate RTD schedules
10 October 2025	7 intervals (0945h – 1015h)	SO	Mindanao	Unimplementable RTD Schedule due to magnitude 7.6 earthquake that struck Davao Oriental area
	13 intervals (1450h – 1550h)	SO	Visayas	MLD implementation to prevent overloading of Cebu-Mandaue 138kV Line 2
15 October 2025	13 intervals (1015h – 1115h)	SO	Visayas	MLD implementation to prevent overloading of Compostela SS 100MVA TR2
	19 intervals (1330h – 1700h)	SO	Visayas	MLD implementation to prevent overloading of Cebu - Mandaue 138kV L2

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
August 2025	16 October 2025	<p><u>CREM:</u></p> <ul style="list-style-type: none"> • The total number of registered CREM End-Users (CEUs) was recorded at 2,377, including 55 newly registered CEUs in the market. Additionally, there were 16 new Retail Aggregated Groups (RAGs) that entered the CREM, bringing the total number to 37. • The combined market share of top three market participant group (MPG) was recorded at 67%, comprised of: <ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CEUs reached 2,197 GWh, which is 2.70% higher than the previous billing period. • The share of CEU consumption of total consumption reached 22.39%. • The load factor of CEUs was recorded at 80.82%, which is 1.45% slightly lower than last billing period. • The spot exposure level was at 5.97%, which is 10.40% higher than the previous period. • There were 42 recorded customer switches, and with one cessation of CEU for the billing period. • The weighted average retail generation rate reached PHP 5.63/kWh, based on the latest available data from the ERC. <p><u>GEOP:</u></p> <ul style="list-style-type: none"> • The total number of registered GEOP End-Users (GEUs) was recorded at 693, with 28 newly registered GEUs in the market. • The combined market share of the top three MPG was recorded at 91.5%, comprised of: <ul style="list-style-type: none"> ○ Ayala Group

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> ○ Energy Development Corporation (EDC Group) ○ Shell Energy Philippines, Inc. • The total energy consumption of GEUs increased by 7.25 % at 92 GWh during the period. • The share of GEU consumption in total end-user consumption was 0.93%. • The load factor of GEUs was recorded at 69.89%, which is 3.10% lower than the July 2025 billing period. • The level of spot exposure recorded was 0.34%, which is higher compared to the 0.01% from last month. • The RE supplier average price reached PHP 6.74/kWh, based on the latest available data from ERC.
September 2025		<p><u>CREM:</u></p> <ul style="list-style-type: none"> • The total number of registered CEUs was recorded at 2,412, including 35 newly registered CEUs in the market. Additionally, there were 11 new RAGs that entered the CREM, bringing the total number to 48. • The combined market share of top three MPG was recorded at 66.3%, comprised of: <ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CEUs reached 2,227 GWh, which is 1.35 % higher than the previous billing period. • The share of CEU consumption of total consumption reached 23.39%. • The load factor of CEUs was recorded at 82.89%, which is 2.57% increase than last billing period. • The spot exposure level was at 7.71%, which is 29.04% higher than the previous period. • There were 24 recorded customer switches which is lower compared to the previous period's 42 switches. • The weighted average retail generation rate reached PHP 5.68/kWh, based on the latest available data from the ERC. <p><u>GEOP:</u></p> <ul style="list-style-type: none"> • The total number of registered GEUs was recorded at 720, with 27 newly registered GEUs in the market.

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> • 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 ○ Shell Energy Philippines, Inc. • The total energy consumption of GEUs increased by 3.07% to 94 GWh during the period. • The share of GEU consumption in total end-user consumption was 0.98%. • The load factor of GEUs was recorded at 72.73%, which is 4.07% higher than the August 2025 billing period. • The level of spot exposure recorded was 0.25%, which is a decline of 27.99% from last month. • The RE supplier average price reached PHP 6.04/kWh, based on the latest available data from ERC.
October 2025		<p><u>CREM:</u></p> <ul style="list-style-type: none"> • The number of registered CEUs totaled to 2,448 by the end of the billing period, with 41 newly registered CEUs in the market. In addition, nine (9) new RAGs entered CREM, resulting in a total of 57 RAGs by the end of the period. • The market remained highly concentrated, with the top three MPGs listed below comprising 65.6% of the total market share: <ul style="list-style-type: none"> ○ MERALCO Group ○ Aboitiz Group ○ Ayala Group • The total energy consumption of CEUs decreased by 3.22% to 2,155 GWh. • The load factor of CEUs was recorded at 82.74%, which is 0.18% lower compared to the previous billing period. • The spot exposure was at 8.31%, exhibiting a 7.77% increase as compared to the previous billing period. • There was a total of 15 customer switches recorded in October 2025, which is lower than last billing period's 24 recorded switches. However, this number is higher than the 8 projected switches based on the data from MO. • The latest available data from the ERC set the weighted average retail generation rate at PHP 5.73/kWh.

Billing Period	Date Discussed	Highlights
		<p><u>GEOP:</u></p> <ul style="list-style-type: none"> • The number of registered GEUs increased to 739, a 2.64% increase compared to the last billing period. Nineteen (19) GEUs were recorded as newly registered in the market. • Similar with the previous billing period, the market remained highly concentrated, with the top three MPGs/suppliers comprising 91.2% of the combined market share: <ul style="list-style-type: none"> ○ Ayala Group ○ EDC Group ○ Shell Energy Philippines, Inc. • The total energy consumption of GEUs saw a minimal increase of 0.27%, resulting in a consumption of 95 GWh by the end of the billing period. • Four (4) customer switches were recorded, three (3) of which were customers who switched from CREM to GEOP and one (1) who switched within GEOP. • The load factor of GEUs was recorded at 71.31%, which is a 1.95% decline than the previous period. • The spot exposure level had an 816.62% surge to 2.28%. • The RE supplier average price reached PHP 6.16/kWh, based on the latest available data from ERC.

1.2.2 Quarterly Retail Market Assessment Report for Q3 2025

CREM

- Market participation continued to expand in the Q3 2025, with total CEUs increasing to 2,412, up from 2,290 in the previous quarter. This represents over 63% of all eligible end-users and reflects sustained improvements with the continuous rise in the number of registered end-users. Growth remained strongest in the 1MW and above threshold, though the 500-749 kW segment recorded the highest quarter-on-quarter percentage increase, signaling rising participation.
- Of the total ERC-licensed suppliers, 28 out of 53 RES and 2 out of 15 LRES actively served CEUs are recorded during the covered period. Major participant groups—particularly Aboitiz and Meralco—remained the most engaged, with significantly higher active suppliers compared with the other RES. No supplier of last resort (SoLR) was recorded during the period.
- The CREM landscape remained stable and highly concentrated. The Meralco group continued to lead with 33-35% of CEUs served, followed by Aboitiz group, while Ayala

and EDC groups maintained mid-single-digit shares. On the other hand, San Miguel group continued to serve larger-load customers despite a smaller CEU base.

- Switching activity followed a cyclical pattern, with subdued levels during mid-year and a slight uptick early in the third quarter of 2025. The majority of switching events continued to be driven possibly by expiring contracts, while overall switching rates remained lower compared with 2024.

GEOP

- Participation under the GEOP accelerated significantly in the third quarter of 2025, with registered GEUs increasing to 720, from 627 in the previous quarter. Most GEOP participants remained within the 100-499 kW threshold, although 4.58% of registered GEUs fall within CREM-eligible consumption sizes, reflecting increased renewable-energy sourcing among larger customers despite the growth.
- 21 registered RE Suppliers were accredited for GEOP, with 12 actively serving customers. Although 15 SoLRs are registered, none were required during the review period as all GEUs maintained active supply contracts.
- Market share remained highly concentrated. The Ayala group further strengthened its leadership, serving 67% of GEUs and 65% of GEOP energy consumption in third quarter of 2025. Aboitiz followed with 18%, while the shares of smaller or unaffiliated suppliers continued to decline.
- Despite the sharp rise in energy consumption, GEOP spot market exposure remained very low, generally below 0.5% throughout the quarter.

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 and Suspension events that occurred in September to November 2025.

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

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 discussed the revised proposed amendments to the WESM Rules and WESM Manuals. The Committee was informed that, during the 251st Regular RCC Meeting held on 17 October 2025, the Rules Change Committee (RCC) recommended that the MSC reword the proposed changes to include a separate sub-section outlining the MSC's process under Chapter 8 of the WESM Rules.

The revisions included the removal of certain provisions in the WESM Rules from the original proposal and the addition / revision provisions in response to the comments received from RCC. The Committee noted that this marks the first revision of the amendments following the MSC's earlier responses to stakeholder comments.

After further deliberations, the MSC transmitted the revisions to the initially transmitted proposal for consideration of the RCC.

4.0 Other Activities and Accomplishments

4.1 Market Studies

4.1.1 Generator Outage Study

As part of its planned activities for 2025, the MSC reviewed the results of the Generator Outage Study, including key findings on the reliability performance of generators as well as the result of the survival analysis.

For the Reliability Performance Indexes, the following were observed:

- Planned Outage Factor (POF)
 - Oil, natural gas, and biofuel plants (middle-aged and new units) performed better due to their minimal number of committed exceedances.
 - Coal (middle-aged and new units) and hydro (old and middle-aged units) plants performed the least.
 - Most of the exceedances were attributed to Grid Operating and Maintenance Program (GOMP) schedules that had already surpassed the allowable duration for planned outages.

- Unplanned Outage Factor (UOF)
 - Oil and biofuel plants performed better due to their minimal number of committed exceedances.
 - Geothermal plants consisting of old and middle-aged units performed the least, with exceedances attributed to maintenance and equipment-related issues.

The Kaplan-Meier Survival Curve Analysis resulted in the following observations:

- Across the five-year period, renewable and cleaner technologies consistently showed longer operational survival times, while fossil-fuel-based plants repeatedly appeared with shorter survival times.
- Renewables dominated the top performers each year from 2021 to 2025. Technologies such as geothermal, hydro, wind, solar, biofuel, and battery plants frequently exhibited the longest operational survival times.
- Fossil fuel plants consistently underperformed. Coal, oil, and natural gas plants repeatedly appeared among the group with shorter survival times across all years.

After the discussion, the Committee noted the Generator Outage Study as presented, subject to incorporation of the Committee's comments on determining possible impact and potential adjustments to corresponding penalties for plants exceeding the allowable outage for a year, and additional analysis to evaluate generator behavior when outages are delayed in compliance with DOE Department Circular restricting planned outages during summer.

4.1.2 Reserve Market Assessment

Following the initial assessment of the reserve market that was conducted on March 2025, the MSC reviewed the results of the reserve market assessment from August 2024–October 2025. The highlights of it were as follows:

- With the introduction of the reserve market, improvement in scheduling of reserves were observed across all reserve types in all regions, except in regulation reserves in Visayas.
- Across all regions, offered capacities were observed to be lower than registered capacities, which was attributed to multiple certifications obtained by providers. However, the current setup will require them to only choose one reserve type to participate in for every interval.
- Mindanao dispatchable reserve has the lowest spot transaction while Visayas dispatchable reserve has the highest spot transaction.
- Visayas recorded the highest reserve market prices due to lack of contracted capacities and high-cost technology of reserve providers.
- The results of the Mann-Kendall test revealed that, across all regions, average daily energy prices showed a monotonic downward trend when the reserve market started commercial operations. However, this trend may not be solely due to the reserve market, but to other factors as well such as:
 - Supply margin and outages
 - Integration of WESM Mindanao
 - Increasing renewable energy
 - Offer behavior of participants
 - Less congestions

After deliberation, the MSC approved the Reserve Market Assessment covering the August 2024 to October 2025.

4.1.3 Discussion on the Assessment on the Visayas Dispatchable Reserve Market Outcomes and Participants' Behavior

The MSC noted the result of the assessment on the Visayas Dispatchable Reserve (DR) unusual market outcomes. The assessment will not be limited to the reported facilities but all facilities within the region.

Upon deliberation, the MSC approved on the submission of a discussion paper detailing the assessment results.

4.1.4 Discussion on the UNOPS-ETP and PEMC Project: Enhancing the Spot Market to Attract Investments to Renewables

The MSC was informed on the results of the study conducted in collaboration with the United Nations Office for Project Services–Energy Transition Partnership (UNOPS-ETP). The study focused on reviewing WESM price mitigation measures and assessing the impact of increased renewable energy participation on spot market trends.

The consultant presented three modeled scenarios used for reviewing the current primary and secondary price caps in the WESM:

Assumption	Scenario 1 (Status Quo)	Scenario 2 (Proposed SPC Amendment)	Scenario 3 (Optimal MPC)
Primary price cap	Current price settings applied to the generator offers. Price Cap: 32,000 PHP/MWh Price Floor: -10,000 PHP/MWh	Current price settings applied to the generator offers. Price Cap: 32,000 PHP/MWh Price Floor: -10,000 PHP/MWh	Determine optimal MPC (up to a maximum of 64,000 PHP/MWh consistent with original design) to ensure adequate cost recovery. Price Cap: Optimal Price Floor: -10,000 PHP/MWh
Secondary price cap	Retain price cap settings: SPC: 6,245 PHP/MWh CPT period: 3 days CPT threshold: 9,000 PHP/MWh	Adjusted price cap settings: Base SPC: 9,852.6 PHP/MWh CPT period: 7 days CPT threshold: 13,657.38 PHP/MWh	
Other: Supply and demand outlook, fuel costs, bids, capex, etc	Held constant across scenarios. Gas/liquified natural gas fuel costs are based on WB futures up until 2026, and remain flat until 2030		

The Committee has taken note the key findings, as presented during the dissemination event on 01 December 2025.

4.2 Review of Market Catalogues and Indices

4.2.1 Discussion on Further Simulation related to the Updated Market Trigger Thresholds

As a background, the MSC agreed to conduct further simulations to review the updated market trigger and interesting pricing events thresholds for 2025, in light of the comments received during the presentation with the ERC.

The simulation includes the analysis of price spikes triggered under the current threshold but not captured using the proposed threshold. It was highlighted that such spikes were generally due to high plant outages, increased demand, and higher pumping operations at the Kalayaan hydroelectric power plant—factors similar to those observed under the proposed threshold. Given these similarities, continued observation was recommended over the next three months using both thresholds for further evaluation.

The MSC likewise noted that the review of other electricity markets applying the 97th percentile for setting the threshold is still in progress.

Upon deliberation, the Committee approved the proposed next step to continue monitoring price spikes using the proposed thresholds for about three months.

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

- **ERC Resolution on Lowering of Contestability Threshold in the Retail Market to 100kW**

The MSC was informed of the recently approved ERC resolution for lowering the contestability threshold in the retail market to 100 kW. Changes in end-user participation across the retail market programs are anticipated once the new threshold takes effect on 26 June 2026. Further, these developments will be continuously monitored, and the Committee will be updated as new information becomes available.

An initial analysis was presented based on the latest ERC Retail Market Report. The MSC has taken note on the possible changes in customer behavior under the new threshold, as well as its implications for CREM and GEOP participation. It was further clarified that the data on customers within the 100–499 kW range is not yet available, and that eligible GEOP customers may choose to participate in CREM, depending on their preference.

After the discussion, the Committee noted the lowering of contestability threshold in retail market to 100kW.

4.4 Discussion on the Activities related to the Development of Enhanced Monitoring Tool

The MSC was apprised of the updates on the development of the enhanced monitoring tool. They were likewise informed that the engagement with a third-party consultant for the development of the enhanced monitoring framework and parameters was completed, with the final report accepted in 2023.

Concerns regarding integration with the current market system were addressed with clarification that the enhanced monitoring framework developed are suitable for PEMC's needs and WESM design.

Upon motion duly seconded, the MSC requested the Secretariat to provide further updates on the development of the enhanced monitoring tool.

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. Doroteo B. Aguila.