



Retail Market Assessment Report for 2nd Quarter of 2026

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EXECUTIVE SUMMARY

The Philippine retail electricity market continued to expand during the second quarter of 2026, supported by sustained growth in customer participation, increasing electricity consumption, and the continued adoption of customer choice programs under the Competitive Retail Electricity Market (CREM), Retail Aggregation Program (RAP), and Green Energy Option Program (GEOP). The quarter reflected the continuing transition of eligible customers from the captive market to competitive supply arrangements, indicating growing market awareness and increasing acceptance of supplier choice as a means of obtaining greater flexibility and potential cost savings. While market concentration remained evident in both CREM and GEOP, concentration indicators continued to decline, suggesting gradual improvements in competition as customer participation and electricity demand became more broadly distributed among suppliers. Overall, the retail market remained stable, with continued growth in customer engagement and ongoing initiatives by the Department of Energy (DOE) and Energy Regulatory Commission (ERC) supporting the development of competitive retail electricity supply.

Competitive Retail Electricity Market (CREM)

CREM participation continued to increase across customer segments and geographic regions. The number of registered CREM End-Users (CEUs) reached 2,820 as of the end of second quarter of 2026, reflecting a quarter-on-quarter growth, while the number of eligible customers remaining in the captive market continued to decline. Growth was observed across all contestability thresholds, with the 500–749 kW segment remaining the fastest-growing category. This indicates that retail competition is gradually expanding beyond traditionally larger electricity consumers. Luzon remained the dominant market, accounting for the majority of CEUs, although participation in the Visayas and Mindanao continued to increase. Commercial customers remained the primary source of market growth, while industrial customers continued to account for a substantial share of the contestable market. The continued expansion of Retail Aggregation Groups (RAGs), particularly among lower-consumption customers, further demonstrates that competitive retail supply is becoming increasingly accessible to smaller electricity users.

Supplier participation under CREM remained sufficient to support the continued growth of the market, with 60 registered Retail Electricity Suppliers (RESs) and a broad range of suppliers actively serving customers. Although customer and consumption shares remained concentrated among major Market Participant Groups (MPGs), market share indicators continued to show gradual diversification. The shares of traditionally dominant suppliers declined modestly, while independent and emerging suppliers increased their presence. Consistent with these developments, both the Herfindahl-Hirschman Index (HHI) and Four-Firm Concentration Ratio (C4) continued to modestly trend downward, indicating that customer participation and electricity demand are gradually becoming less concentrated. Despite this improvement, concentration levels remained relatively high, particularly when measured based on electricity consumption, reflecting the continued influence of major suppliers serving large-load customers.

Market performance indicators likewise pointed to stronger electricity demand during second quarter of 2026. Total retail market consumption increased significantly, with CREM consumption reaching 6,698 GWh. Industrial customers remained the largest contributors to electricity demand, although commercial customers recorded stronger growth during the quarter. RAP also continued to expand, with energy consumption increasing substantially from previous periods and indicating growing acceptance of

aggregation as a means for smaller customers to participate in the competitive market. Load profile analysis further showed distinct consumption patterns across customer segments: industrial customers maintained relatively stable and continuous demand throughout the day, while commercial customers exhibited more pronounced daytime peaks consistent with regular business operating hours.

Retail market transactions continued to be dominated by bilateral contracts, which accounted for the majority of energy procurement under both CREM and RAP. However, spot market exposure increased during second quarter of 2026 compared with the previous quarter, reflecting greater use of the Wholesale Electricity Spot Market (WESM) as a balancing mechanism. Despite this increase, overall spot market reliance remained moderate, indicating that suppliers continued to use bilateral contracting as their primary means of managing supply and price risks while retaining flexibility to respond to changes in demand and market conditions. Customer switching activity remained active but relatively limited, with switching rates generally below one percent. Although the number of projected switching opportunities increased, most customers continued to retain their existing suppliers. This suggests that competition remained largely contract-driven, with long-term customer-supplier relationships continuing to play an important role in the retail market.

One notable development during the quarter was the continued price competitiveness of CREM. Retail electricity rates from the ERC report remained relatively stable, while the average generation rates of the largest distribution utilities increased. As a result, the price advantage of CREM widened further, increasing the economic attractiveness of competitive supply arrangements. Industrial customers accounted for the majority of these savings due to their higher electricity consumption, while commercial customers also realized significant cost reductions. These results reinforce the value of retail competition as a mechanism for providing customers with opportunities to manage electricity costs and exercise greater control over their supply arrangements.

Green Energy Option Program (GEOP)

The GEOP likewise continued to demonstrate sustained growth and increasing relevance within the retail market. The number of GEOP End-Users (GEUs) increased to 963 by the end of second quarter of 2026, with growth observed across regions and customer categories. Participation remained heavily concentrated among customers within the 100–499 kW threshold, highlighting GEOP's role in extending renewable energy choice to smaller electricity consumers. The recent reduction of the eligibility threshold to 50 kW is expected to provide additional opportunities for participation in future periods. Commercial customers continued to account for the majority of GEOP participants, while industrial customers recorded stronger growth rates, indicating increasing interest in renewable energy procurement among energy-intensive consumers.

GEOP continued to exhibit a highly concentrated supplier structure, with the Ayala and First Gen Groups accounting for the majority of both customers and renewable energy consumption. Nevertheless, market concentration indicators continued to decline, indicating gradual diversification as other suppliers expanded their market presence. Renewable energy consumption under GEOP also increased significantly during second quarter of 2026, driven by growth in both customer participation and consumption among existing participants. Commercial customers remained the primary contributors to renewable energy demand, while industrial customers recorded the stronger growth rate. Load profile analysis further showed increasing renewable energy utilization across both sectors, with commercial customers exhibiting pronounced

daytime demand peaks and industrial customers maintaining relatively stable consumption throughout the day.

Overall, the Philippine retail electricity market continued to demonstrate positive developments during second quarter of 2026, characterized by expanding customer participation, stronger electricity demand, increasing renewable energy adoption, and significant economic benefits for consumers. While market concentration remains a notable characteristic of both CREM and GEOP, the continued decline in concentration indicators, growth of smaller customer segments, expansion of RAP, and increasing participation of independent suppliers point to gradual improvements in market diversity and accessibility. These developments indicate that the Philippine retail electricity market is gradually maturing, with customer choice mechanisms providing consumers with greater supplier options, supporting renewable energy adoption, and strengthening competition in the electricity sector.

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LIST OF ACRONYMS

BCQ	Bilateral Contract Quantity
CRMMDI	Catalogue of Retail Market Monitoring Data and Indices
CEU	CREM end-user

CREM	Competitive Retail Electricity Market
DCC	Directly Connected Customer
DU	Distribution Utility
GEOP	Green Energy Option Program
GEU	GEOP end-user
HHI	Herfindahl–Hirschman Index
LRES	Local Retail Electricity Supplier
MPG	Major Participant Group
NCR	National Capital Region
RAG	Retail Aggregated Group
RAP	Retail Aggregation Program
RES	Retail Electricity Supplier
SOLR	Supplier of Last Resort
WARGR	Weighted Average Retail Generation Rate
WESM	Wholesale Electricity Spot Market

1.0 COMPETITIVE RETAIL ELECTRICITY MARKET (CREM)

This portion provides an assessment on the CREM program for the second quarter of 2026 (26 March to 25 June 2026), based on the monitoring indices set forth in the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI) Issue 1.

1.1. MARKET STRUCTURE

The market structure indices were used to assess the number of participants in terms of end-user count, their threshold, location, retail activity, average consumption and number of suppliers under the CREM program.

1.1.1. Number of Participants

1.1.1.1. CREM End-Users (CEUs)

The retail electricity market continued to exhibit sustained growth in customer participation during the review period, driven by the increasing migration of eligible end-users from the Captive Market to the CREM. As of the end of second quarter of 2026, the total number of end-users registered under CREM reached 2,820, representing an increase of 144 CEUs or about 5.4% from the 2,676 recorded in first quarter of 2026. Compared with the 2,290 CEUs in second quarter of 2025, CREM participation expanded by 530 CEUs or 23.1% year-on-year, demonstrating the continued adoption of retail competition among contestable customers. Conversely, the number of eligible end-users remaining under the Captive Market declined from 1,512 in second quarter of 2025 to 1,284 in second quarter of 2026, reflecting the ongoing transition of contestable customers from the captive market toward competitive supply arrangements consistent with the objectives of the Electric Power Industry Reform Act (EPIRA) to encourage supplier choice and market competition.

The expansion of CREM participation during the review period remained largely concentrated in Luzon, which accounted for 2,417 CEUs or 86% of total CREM participants as of end of second quarter of 2026. Luzon recorded a net increase of 131 CEUs from 2,286 in the previous quarter, continuing the steady upward trajectory observed throughout the review period. The Visayas registered 305 CEUs, increasing by eight CEUs from first quarter of 2026, while Mindanao posted 98 CEUs, up by five end-users from the previous quarter. Although the pace of growth outside Luzon remained relatively modest, the consistent increase in CREM participation across all regions suggests the gradual strengthening of retail market awareness and supplier presence in the WESM.

On the captive market side, Luzon continued to account for the majority of remaining contestable customers that had yet to transition to CREM, with 846 eligible end-users recorded as of second quarter 2026. This represented a marginal increase of two eligible end-users from first quarter of 2026, suggesting that the pool of contestable customers within the region may have begun stabilizing after several quarters of migration. Meanwhile, the number of captive customers in the Visayas increased from 188 to 195, while Mindanao declined slightly from 245 to 243. Compared with the second quarter of 2025, the captive market population declined by 228 customers or 15%, confirming the longer-term structural movement toward greater participation in retail competition.

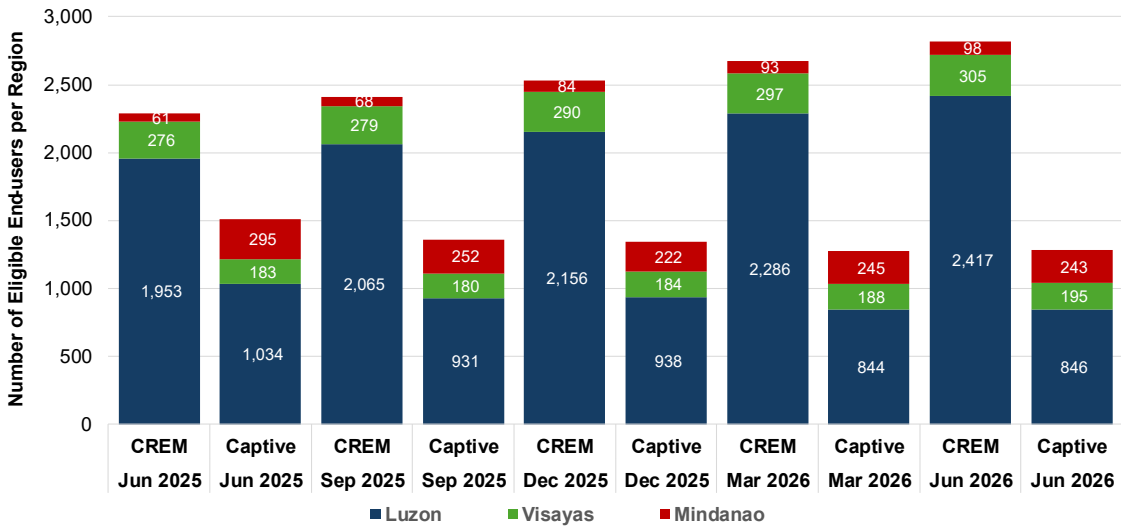


Figure 1. Cumulative Number of Eligible End-Users by Region as of the End of Each Quarter, Q2 2025 to Q2 2026

The quarter's results demonstrate that the retail electricity market continues to mature despite a slower pace of migration compared with the earlier stages of market opening. The sustained increase in CREM registrations suggests that contestable customers generally continue to perceive value in supplier choice, customized electricity products, and opportunities for cost optimization. From a competition perspective, the continued growth in CREM participation expands the potential customer base for RES, encouraging innovation in retail offerings and contributing to a more dynamic and competitive market environment. At the same time, the gradual decline in captive customers may contribute to a more competitive electricity sector by reducing reliance on franchised utility supply and giving customers greater choice and engagement in their electricity procurement decisions.

1.1.1.2. Per Threshold

This section provides a breakdown of the total number of CEUs by contestability threshold as of the end of each quarter. As shown in Figure 2, CREM participation continued to expand across all demand thresholds from the second quarter of 2025 to the second quarter of 2026.

Continued growth across all contestability thresholds reflects the sustained expansion of the CREM, indicating increasing participation among both large and medium-sized electricity consumers. As of the end of second quarter of 2026, the cumulative number of CEUs reached its highest level during the review period across all threshold categories. The 1 MW and above threshold remained the largest customer segment, accounting for 1,544 CEUs, followed by the 500–749 kW segment with 726 CEUs and the 750–999 kW segment with 550 CEUs.

The quarter-on-quarter increase in CEUs was observed across all categories, although growth rates moderated compared with previous quarters. The 1 MW and above segment registered a 3% increase in second quarter of 2026; similar change growth recorded in first quarter of 2026. Meanwhile, the 750–999 kW segment expanded by 3.0%, lower than the 3.9% increase recorded in the previous quarter, while the 500–749 kW segment posted a 12.9% increase, moderating from its

peak growth of 14.8% in first quarter of 2026 but remaining the fastest-growing customer group. These trends indicate that market expansion continues to be driven not only by traditional large contestable customers but increasingly by customers closer to the lower contestability thresholds, reflecting the broadening reach of retail competition.

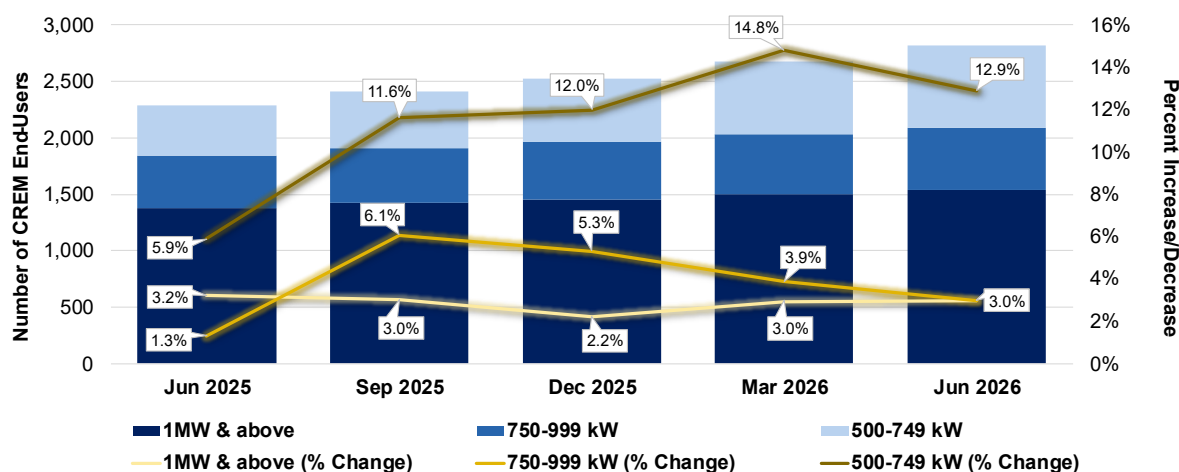


Figure 2. Cumulative Number of CEUs per Threshold as of the End of Each Quarter from Q2 2025 to Q2 2026

The sustained growth of CEUs across all threshold categories highlights the continued development of the retail electricity market. In particular, the strong growth in the 500–749 kW segment suggests that relatively smaller contestable customers are becoming an increasingly important part of CREM. Since Q2 2025, this segment has consistently recorded double-digit growth, increasing from 5.9% in June 2025 to a peak of 14.8% in March 2026, before easing slightly to 12.9% in June 2026. This trend suggests that CREM is gradually reaching a broader range of customers, including those that have historically been less represented in the retail market. While the lower quarter-on-quarter growth rates in the 1 MW and above and 750–999 kW segments may indicate that many of the more readily contestable customers have already migrated to CREM.

From a competition perspective, the increasing number of CEUs across all thresholds expands the pool of potential customers for RES, creating more opportunities for suppliers to compete through their service and electricity supply offerings. The continued growth of the 500–749 kW segment is particularly notable as it broadens the customer base of the retail market and reduces reliance on a smaller number of large electricity consumers.

1.1.1.3. Per Location

The continued expansion of CEUs across all regions underscores the sustained growth and increasing geographical reach of CREM during the review period. The region consistently accounted for more than four-fifths of total CEUs throughout the review period, increasing from 1,953 CEUs in second quarter of 2025 to 2,417 CEUs in second quarter of 2026. This concentration of CEUs in Luzon provides RES with a large and diverse customer base, creating more

opportunities for suppliers to compete and develop new electricity supply products and services.

The Visayas and Mindanao regions also showed positive growth, although at a more gradual pace. CEUs in the Visayas increased from 276 in second quarter of 2025 to 305 in second quarter of 2026, while Mindanao grew from 61 to 98 CEUs over the same period. Notably, Mindanao recorded the highest percentage growth among the three regions, increasing by approximately 60.7% year-on-year, although this was from a relatively small base.

Luzon remained the primary hub of CEUs, as reflected in the strong geographic clustering in National Capital Region (NCR) in the darker shade portion of the map, and adjacent provinces in the region as show in Figure 3. Visayas registered moderate growth, while Mindanao showed only marginal increases, highlighting persistent regional disparities in market development with lighter shade in the geographic illustration. These patterns indicate ongoing market expansion, and continuous promotion will strengthen participation in Visayas and Mindanao and support a more balanced and competitive retail electricity market.

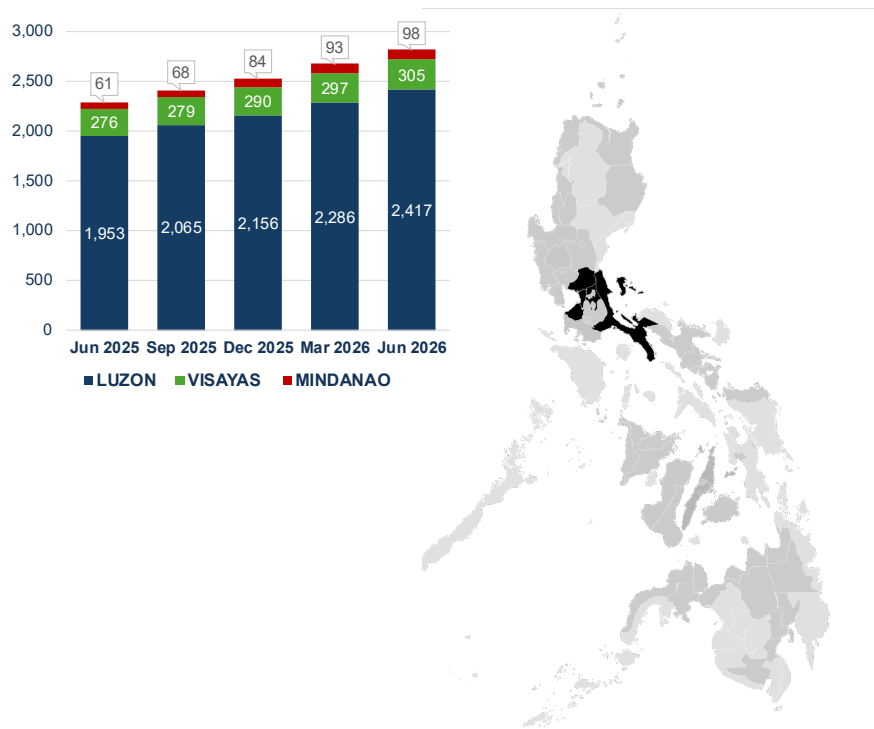


Figure 3. Cumulative Number of CEUs Per Region as of the End of Each Quarter from Q2 2025 to Q2 2026

1.1.1.4. Per Retail Activity¹

Figure 4 presents the cumulative number of CEUs, disaggregated by retail activity—commercial and industrial, from the second quarter of 2025 to the second quarter of 2026. The data shows sustained

¹ Retail activity is based on the available information provided under the specific business type, i.e. manufacturing, real estate, etc., in the IEMOP-Registration Data. If information is unavailable in the Registration Data, retail activity of the participant will be tagged based on the business description available online.

growth in both segments, with commercial customers consistently accounting for the larger share of participation throughout the review period.

As of the end of second quarter of 2026, the commercial sector recorded 1,550 CEUs, representing an increase of 106 CEUs or 7.3% from the 1,444 CEUs registered in first quarter of 2026. Similarly, the industrial sector reached 1,270 CEUs, posting an increase of 38 CEUs or 3.1% from 1,232 CEUs in the previous quarter. On a year-on-year basis, commercial CEUs increased by 310 customers or 25.0% from 1,240 CEUs in second quarter of 2025, while industrial CEUs expanded by 220 customers or 21.0% from 1,050 CEUs over the same period. These figures indicate that both sectors continued to contribute significantly to the expansion of CREM, with the commercial sector maintaining its position as the largest source of retail market participation.

The cumulative data indicate that growth during the review period was primarily driven by the commercial sector, which accounted for about 55.0% of total CEUs as of the end of June 2026. The steady increase in commercial participation reflects the continued entry of establishments such as office buildings, shopping centers, hotels, educational institutions, healthcare facilities, and other service-oriented businesses into the competitive retail market. The stronger quarter-on-quarter growth in commercial CEUs suggests that more businesses are recognizing the benefits of having greater choice in selecting their electricity suppliers.

Meanwhile, the industrial sector continued to grow steadily, although at a more moderate pace compared with the commercial sector. Industrial CEUs increased from 1,232 in first quarter of 2026 to 1,270 in second quarter of 2026, continuing the upward trend observed since second quarter of 2025. The sustained participation of industrial customers highlights the continued value of retail competition in managing electricity costs, particularly for energy-intensive industries such as manufacturing, food processing, and other industrial operations. Overall, the continued increase in industrial CEUs shows that retail competition remains attractive to these customers and that there is still room for further market growth within the sector.

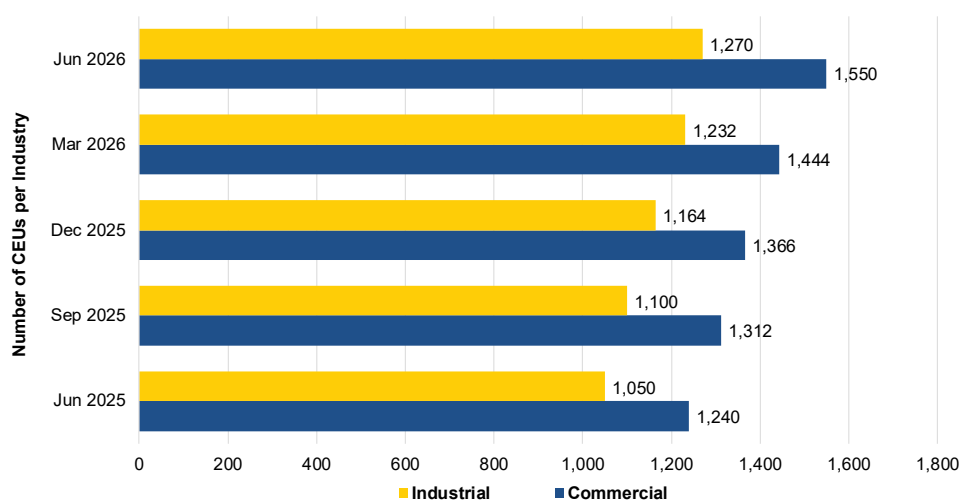


Figure 4. Cumulative Number of CEUs Per Retail Activity as of the End of Each Quarter from Q2 2025 to Q2 2026

The increasing participation of both commercial and industrial customers strengthens the depth and diversity of the retail electricity market as the market develops. The growing commercial customer base broadens the market beyond traditional large industrial consumers and contributes to a more balanced customer portfolio for RES. The sustained increase in CEUs across both commercial and industrial sectors indicates that the retail electricity market remained on a positive growth trajectory in Q2 2026. While commercial establishments continued to drive market expansion and recorded the largest absolute increase during the quarter, industrial customers remained a significant component of the contestable market and continued to exhibit steady growth.

The increasing participation of both commercial and industrial customers continues to strengthen the depth and diversity of the retail electricity market as it develops. The growing commercial customer base is helping broaden the market beyond traditional large industrial consumers while contributing to a more balanced customer portfolio for RES. The continued increase in CEUs across both commercial and industrial sectors also indicates that the retail electricity market maintained its positive growth trajectory in second quarter of 2026.

1.1.1.5. Average Consumption

Having similar eligibility threshold for both programs – CREM and Retail Aggregation Program (RAP), this section illustrates the distribution in percentage share of the total number of end-users based on the range of their average energy consumption among CEUs and Retail Aggregation Groups (RAGs) for the second quarter of 2026, highlighting the structure of demand across consumption bands and the evolving role of smaller customers in the retail market, as shown in Figures 5 and 6 as of June 2026.

The consumption profile of CEUs in the second quarter of 2026 indicates that retail market participation continues to be predominantly driven by customers with relatively low average electricity consumption, reflecting the broadening reach of retail competition beyond traditional large-load consumers. As shown in Figure 5, customers with average energy consumption of less than 1 MWh accounted for the largest share of total CEUs at 71.70%, while those within the 1 MWh to 5 MWh consumption band comprised 24.61%. Combined, these two categories represented approximately 96.3% of all CEUs during the quarter. In contrast, customers consuming more than 5 MWh collectively accounted for less than four percent of total CEUs, with shares of 2.02%, 0.82%, 0.35%, and 0.51% for the 5–10 MWh, 10–15 MWh, 15–20 MWh, and 20–50 MWh bands, respectively. This distribution demonstrates that the retail market is increasingly characterized by a larger population of small- and medium-sized contestable customers rather than a concentration of high-consumption participants.

The observed consumption profile is consistent with the growth trends discussed in the preceding figures, which showed a continued increase in the number of CEUs and stronger participation among customers within the lower contestability thresholds. The significant representation of customers consuming less than 5 MWh also suggests that retail competition is becoming more embedded in the broader customer base rather than being confined to a limited number of large industrial accounts.

Regionally, Luzon continued to account for the greater proportion of CEUs across all consumption bands, consistent with earlier observations regarding the concentration of retail market activity

within the region. The large presence of contestable customers in Luzon reflects the region's higher level of commercial and industrial activity, greater concentration of economic centers, and wider availability of RES. Meanwhile, the Visayas and Mindanao maintained participation across most consumption categories, although at considerably smaller levels.

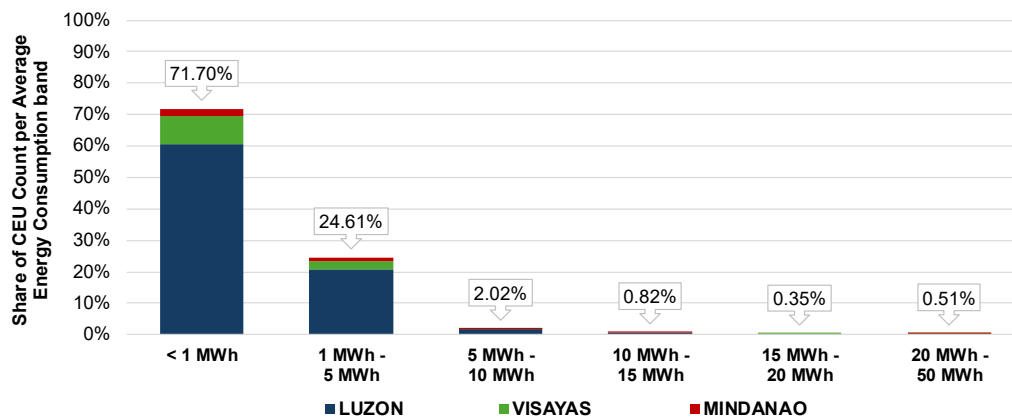


Figure 5. Share of Total No. of CEUs based on Average Energy Consumption, per region, for Q2 2026

Meanwhile, the distribution of RAGs by average energy consumption in the second quarter of 2026 shows that retail aggregation continues to primarily benefit smaller electricity consumers, highlighting its role as an important mechanism for expanding participation in the competitive retail market. As shown in Figure 6, RAGs with average energy consumption of less than 1 MWh accounted for 90.69% of the total RAG population, while the remaining 9.31% fell within the 1 MWh to 5 MWh consumption band. No RAGs were recorded in the higher consumption categories, indicating that retail aggregation remains largely utilized by customers with relatively low electricity requirements. This concentration in the lowest consumption bracket underscores how aggregation enables smaller end-users to collectively access competitive electricity supply, even if they do not individually meet the contestability threshold for direct participation in the CREM.

The observed consumption profile is consistent with the trends discussed in the preceding sections of this report, particularly the increasing participation of customers covered by the lower contestability thresholds and the growing population of CEUs within the lower consumption bands. While Figures 1 to 4 showed the continued expansion of CREM participation across regions, threshold categories, and industry sectors, Figure 6 further illustrates how aggregation is broadening access to retail competition by enabling smaller consumers to participate collectively.

Regionally, Luzon accounted for the vast majority of RAG participation across both consumption bands, reflecting the region's continued dominance in retail market activity and its concentration of commercial establishments and electricity consumers. Nevertheless, the presence of RAGs in the Visayas and Mindanao suggests that aggregation is gradually gaining traction beyond Luzon and supporting broader regional participation in retail competition.

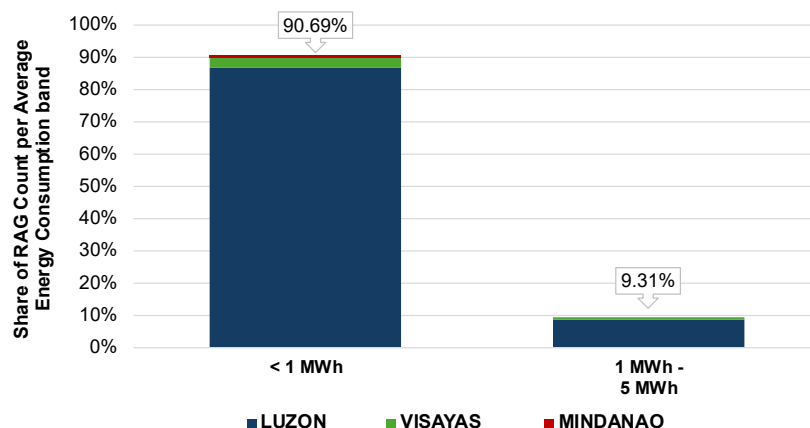


Figure 6. Share of Total No. of RAGs based on Average Energy Consumption, per region, for Q2 2026

The current distribution of RAGs has important implications for the future expansion of retail competition. The concentration of aggregation participants among lower consumption levels suggests that a significant segment of electricity consumers may not be able to participate in the competitive market through traditional contestability arrangements but can access it through aggregation. This expands the potential customer base for retail aggregators and creates opportunities for suppliers to develop products and services that are better suited to the needs of smaller consumers. As the RAP framework continues to mature and market awareness grows, retail aggregation is expected to play an increasingly important role in supporting broader customer participation and strengthening competition among suppliers in the retail market.

1.1.1.6. Suppliers

Table 1 presents the cumulative number of suppliers under the CREM as of the end of the second quarter of 2026, providing insight into supplier participation across different categories—RES, Local Retail Electricity Suppliers (LRES), and Suppliers of Last Resort (SOLR)—and their level of engagement in serving contestable customers.

Meanwhile, Suppliers of Last Resort (SOLR), despite 49 entities being licensed and 27 registered, recorded no active service to CEUs during the period. This remains consistent with the intended function of SOLRs as contingency suppliers rather than regular sources of supply, indicating that market conditions during the quarter did not necessitate emergency supplier intervention.

The availability of licensed suppliers and the continued participation of active market providers indicate that the CREM maintains adequate supplier capacity to support the growing number of CEUs observed during the review period. As of the end of second quarter of 2026, there were 60 licensed RES, all of which were registered in the retail market, with 40 actively serving CEUs. In comparison, 30 Licensed LRES were authorized to operate, of which 15 were registered and 2 were actively serving customers during the quarter. Meanwhile, 49 SOLR were licensed, with 27 registered in the market, although none were serving CEUs during the period.

The current supplier landscape reflects a retail market that remains competitive from a supplier

availability standpoint. The presence of 60 licensed and registered RES, compared with the 2,820 CEUs discussed in the preceding figures, indicates that eligible customers continue to have a broad range of supplier options. Despite the increase in the number of CEUs during second quarter of 2026, only about two-thirds of registered RES were actively serving customers, suggesting that competition remains concentrated among established suppliers with existing customer portfolios, while some registered entities may still be in the process of customer acquisition or operational capabilities.

Table 1. Cumulative Number of Supplier under CREM as of the end of Q2 2026

	Licensed/Authorized ³	Registered	Serving CEUs
RES	60	60	40
LRES	30	15	2
SOLR	49	27	0

The absence of SOLRs actively serving CEUs during the review period is a positive indicator that contestable customers were generally able to secure service from competitive suppliers without requiring last-resort arrangements. The SOLR framework is intended to provide a safety net for customers in the event of supplier failure or market disruption. At the same time, the continued registration of 27 SOLRs ensures that the necessary market safeguards remain in place to protect consumers and maintain continuity of supply should unforeseen circumstances arise.

Figure 7 complements the information presented in Table 1 by providing a more detailed breakdown of supplier participation across Market Participant Groups (MPGs), specifically distinguishing between RES actively serving CEUs and those without active customer contracts as of the end of the second quarter of 2026.

The distribution of suppliers across major participant groups indicates that market activity remains dispersed among various business conglomerates rather than concentrated within a single group. Among established market participants, the Aboitiz Group accounted for the largest number of affiliated suppliers with ten RES, six of which were actively serving customers, while the MERALCO Group maintained six suppliers, five of which were active. The First Gen Group recorded full utilization of its supplier presence, with all three affiliated RES actively serving CEUs, while the Ayala Group and San Miguel Group each maintained active participation in the market with three customer-serving suppliers. The remaining supplier groups, including Citicore, Marubeni, and Alsons, also recorded active market participation, while the "Others"⁴ group collectively represented the largest number of suppliers, with 25 RES, including 18 actively serving CEUs. This distribution highlights the presence of independent suppliers competing within the retail market.

³ Based on ERC Statistical Report of the Customer Choice Programs in the Retail Market for April 2026

⁴ Based on the Retail Electricity Supplier Group Information from the ERC Monthly Statistical Report as of April 2026.

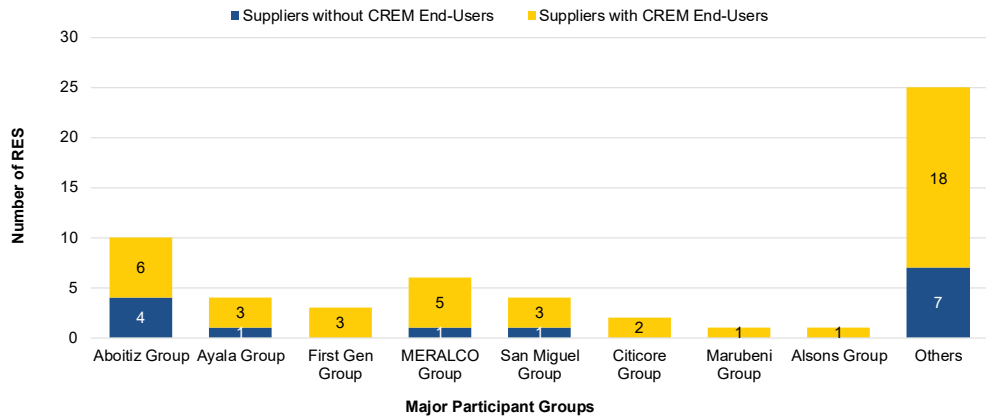


Figure 7. Number of RES With and Without CEUs, per Market Participant Group, as of end of Q2 2026

From a competition standpoint, the supplier distribution presents positive implications for market efficiency and consumer choice. The participation of numerous suppliers across different MPGs reduces the risk of excessive market concentration and encourages competitive behavior among market participants. The fact that several groups maintain multiple active suppliers also demonstrate the continued attractiveness of the retail market as a business segment. Meanwhile, the significant number of suppliers within the "Others" group suggests that opportunities remain available for independent and emerging market participants, which can contribute to innovation and competitive pricing.

1.2. MARKET SHARE

1.2.1. Supplier Share

1.2.1.1. Share in terms of Number of CEUs and Consumption

This section presents the distribution of CEUs and corresponding electricity consumption among MPGs, as determined by the ERC, indicates that while customer participation remains relatively diversified across supplier groups, energy consumption continues to be concentrated among a smaller number of major market participants, as shown in Figure 8.

As of the end of second quarter of 2026, the MERALCO Group maintained the largest share of cumulative CEUs at 31%, although this represented a gradual decline from 32% in first quarter of 2026, 34% in fourth quarter of 2025, and 35% in second quarter of 2025. This gradual reduction in customer share suggests that CEU growth among competitive MPGs continued to outpace MERALCO's customer acquisition rate, resulting in a more distributed customer base across the retail market. Similarly, the Aboitiz Group remained the second-largest participant with 19% of total CEUs, slightly lower than its 20% share in first quarter of 2026 and 23% in second quarter of 2025, while the Ayala Group maintained a relatively stable 11% share throughout the review period. In contrast, the First Gen Group steadily increased its share of CEUs from 7% in second quarter of 2025 to 11% in second quarter of 2026, representing the most notable improvement among the MPGs. Meanwhile, the collective share of the "Others" group increased from 12% to 17%, reflecting

the continued participation of independent and emerging suppliers and indicating a gradual diversification of the supplier landscape.

A similar but distinct trend is evident in the distribution of CEU electricity consumption. Despite the declining customer share of some large participant groups, consumption shares remained relatively stable throughout the review period, suggesting that large-load customers continue to be concentrated among established suppliers. As of second quarter of 2026, the MERALCO Group accounted for the largest share of CEU consumption at 28%, recovering slightly from 27% in first quarter of 2026 but remaining relatively lower than the 29% recorded in third and fourth quarter of 2025. The Aboitiz Group consistently represented approximately 26% of total CEU consumption, indicating a stable portfolio of relatively high-consumption customers. Notably, the San Miguel Group accounted for 14% of total CEU consumption while serving only 6% of cumulative CEUs, suggesting that its customer portfolio is composed largely of higher-load electricity consumers. Similarly, the First Gen Group represented 8% of total consumption compared with 11% of total CEUs, indicating a broader customer base composed of relatively smaller energy consumers. These differences between CEU share and consumption share highlight the varying customer profiles served by each MPGs and demonstrate that customer count alone does not necessarily reflect the relative market significance of suppliers in terms of energy demand served.

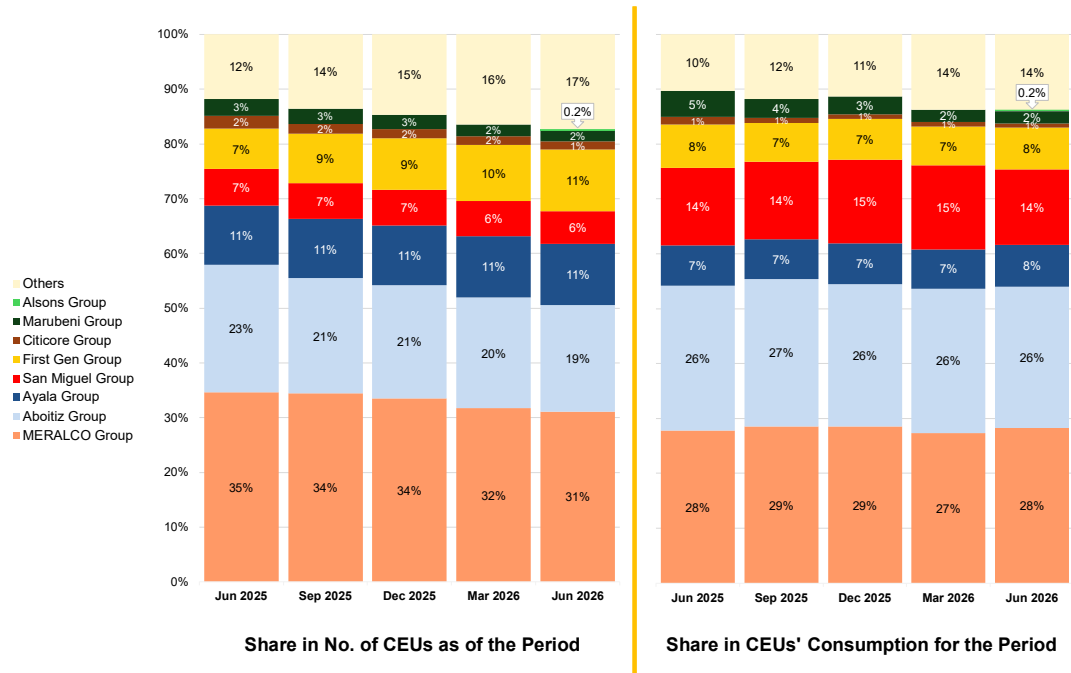


Figure 8. Share in the Cumulative Number of CEUs per MPG as of the end of Q2 2025 to Q2 2026, and the Share in CEU’s Consumption Per MPG for Q2 2025 to Q2 2026

The quarter-on-quarter movements observed in Figure 8 suggest continued expansion of competition within the retail market. While the MERALCO Group remained the largest supplier group by both customer count and consumption, the gradual reduction in its share of total CEUs indicates that newer and smaller suppliers continue to gain customers. The increasing share of the "Others" group further supports this observation and suggests that market growth remains accessible to a broader range of participants. This finding is consistent with the earlier discussion on supplier availability and active RES participation, wherein a substantial number of registered

suppliers continue to operate within the market. As the total number of CEUs increased to 2,820 in second quarter of 2026, growth was distributed across multiple participant groups rather than being concentrated solely among the largest suppliers.

1.2.1.2. Consumption Per Franchise Area Location

Looking at the market by franchise area, most registered CEUs are located within the franchise areas of Distribution Utilities (DUs) that serve major economic zones and business districts.

The distribution of CEU electricity consumption by franchise area in the second quarter of 2026 shows that the retail electricity market remains highly concentrated within the MERALCO franchise area, reflecting Luzon's continued dominance as the country's primary economic and electricity load center. As shown in Figure 9(a), customers within the MERALCO franchise area accounted for 67% of total average CEU energy consumption during the quarter, significantly higher than the shares of other franchise areas, including Other DUs at 21%, VECO at 7%, and NGCP Directly Connected Customers (DCCs) at 5%. This consumption pattern is consistent with the earlier discussion on regional participation, where Luzon accounted for the majority of CEUs and electricity demand under CREM. Given the concentration of commercial establishments, manufacturing facilities, offices, and other businesses within the MERALCO franchise area, its continued dominance in retail electricity consumption is consistent with the broader distribution of economic activity and electricity demand across the country.

Within the MERALCO franchise area, Figure 9(b) shows a relatively diverse supplier structure despite the concentration of customer demand. The MERALCO Group accounted for 34% of total CEU consumption within its franchise area, followed by the Aboitiz Group at 22%, the San Miguel Group at 11%, the Ayala Group at 9%, and the First Gen Group at 8%. The remaining share was distributed among the Others DUs at 12%, the Marubeni Group at 2.41%, and the Citicore Group at 0.79%. Although the MERALCO Group maintained the largest share of energy consumption within its own franchise area, the presence of several competing supplier groups collectively serving approximately two-thirds of consumption indicates that customers continue to have choice among suppliers. The relatively diverse distribution of market shares among the major participant groups also suggests that no single supplier has overwhelming control over retail energy consumption within the country's largest DU franchise area, supporting a more competitive market environment.

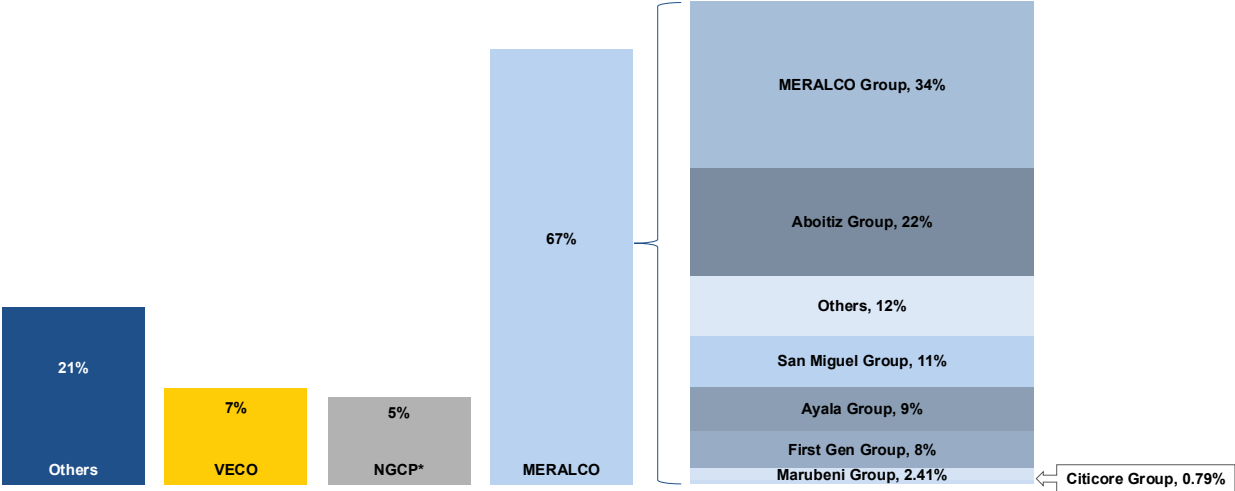


Figure 9. (a)

Figure 9. (b)

* For Directly Connected Customers (DCCs)

Figure 9. (a) Share in Average CEUs' Energy Consumption by Franchise Area for the Q2 2026; (b) Share in Average CEUs' Energy Consumption by Supplier within MERALCO Franchise Area for the Q2 2026

Compared with the supplier market share trends discussed in Figure 8, the consumption profile within the MERALCO franchise area reflects the continuing diversification of retail supply. While the MERALCO Group remains the leading supplier in terms of energy served, its share is notably lower than the franchise area's overall 67% contribution to national CREM consumption, indicating that a substantial portion of electricity demand within the franchise area is being served by competing suppliers. The significant shares held by the Aboitiz, San Miguel, Ayala, and First Gen Groups demonstrate that major suppliers continue to successfully compete for customers within the country's most commercially attractive retail market.

Overall, the data indicate that while retail electricity consumption remains geographically concentrated within the MERALCO franchise area, supplier participation within that market remains relatively competitive and diversified. The presence of multiple supplier groups serving substantial portions of CEU demand demonstrates the continued effectiveness of retail competition in providing customers with alternatives to traditional utility supply arrangements.

1.2.2. Market Concentration

1.2.2.1. Herfindahl–Hirschman Index (HHI) ⁵

This section assesses market concentration based on both the number of CEUs and total electricity consumption. The analysis is conducted at two levels: by MPG and by individual supplier. Figure 10

⁵ HHI measures the degree of market concentration. Defined as the sum of the Suppliers' market share, the HHI threshold are as follows:

HHI < 1,000 - not concentrated
Greater than 1,000 up to 1,800 - concentrated
Greater than 1,800 - highly concentrated

presents the level of market concentration using the HHI, calculated based on the market shares discussed in Section 1.2.1.1. In general, lower HHI values indicate a less concentrated and more competitive market, while higher values indicate greater concentration among fewer market participants.

The level of market concentration in CREM continued to decline in the second quarter of 2026, indicating a gradual strengthening of competition as customer participation and electricity consumption became more distributed across MPGs and RESs. As shown in Figure 10, the HHI based on the number of CEUs per MPG declined from 1,727 in the first quarter of 2026 to 1,677 in the second quarter, representing a quarter-on-quarter decrease of approximately 2.9%. This continues the downward trend observed throughout the review period, with the HHI decreasing from 1,993 in the second quarter of 2025 to 1,677 in the second quarter of 2026, equivalent to a year-on-year reduction of about 15.9%. The decline suggests that CEUs are becoming less concentrated among supplier groups as more customers are served by a broader range of market participants. While the market remains within the “concentrated” category under the adopted HHI thresholds, the sustained decline points to improving competition and a gradual reduction in customer concentration among MPGs.

A similar trend is evident when concentration is measured at the supplier level. The HHI based on the number of CEUs per supplier decreased from 1,074 in the first quarter of 2026 to 1,062 in the second quarter, continuing the downward trend from 1,198 recorded in the second quarter of 2025. The year-on-year reduction of approximately 11.4% reflects the growing distribution of customers among individual suppliers, consistent with the increasing participation of both established and independent RESs discussed in earlier sections of this report. The supplier-level HHI remained only slightly above the 1,000-threshold separating less concentrated and concentrated markets, indicating that customer distribution among suppliers is becoming increasingly competitive. This finding is consistent with the earlier observation that the shares of CEUs held by major participant groups, such as MERALCO and Aboitiz, have gradually declined, while smaller and independent suppliers have collectively increased their market share.

The concentration analysis based on CEU electricity consumption presents a somewhat different picture. At the MPG level, the HHI decreased from 1,810 in Q1 2026 to 1,775 in second quarter of 2026, bringing it within the concentrated range under the adopted threshold of 1,000–1,800. Although this represents a quarter-on-quarter decline of approximately 1.9%, the HHI remains higher than the customer-based concentration indicator. This suggests that electricity demand continues to be concentrated among a smaller number of supplier groups, despite the broader distribution of customer participation. At the supplier level, the HHI based on consumption increased slightly from 1,018 in first quarter of 2026 to 1,029 in second quarter of 2026, remaining at the lower end of the concentrated range. These results indicate that while the number of customers is becoming more evenly distributed across suppliers, a substantial share of electricity consumption remains concentrated among a limited number of major suppliers serving large-load commercial and industrial customers.

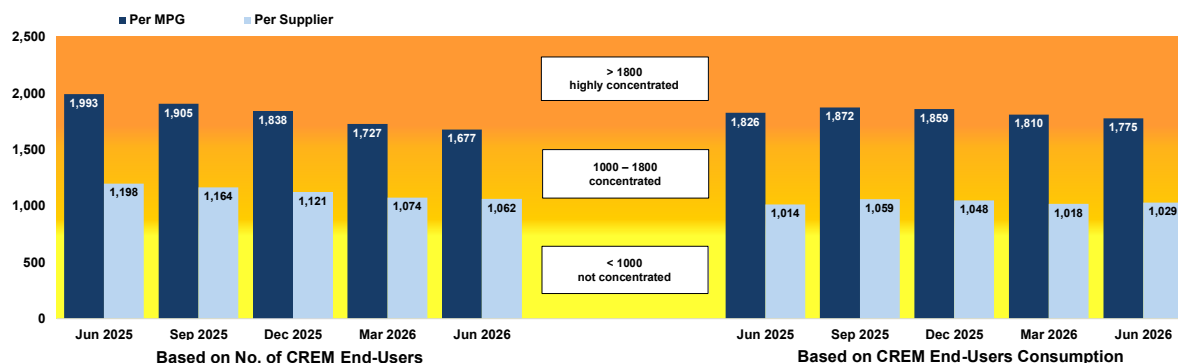


Figure 10. HHI Values as of the Period for Q2 2025 to Q2 2026

The difference between customer-based and consumption-based concentration metrics reflects the market structure observed in the preceding figures. As shown in Figure 8, some supplier groups account for relatively small shares of total customers but serve high-consumption accounts, resulting in a larger share of total electricity demand. Nevertheless, the continued decline in the HHI indicators compared with the second quarter of 2025 suggests that competition is gradually improving, even as some suppliers continue to serve a significant number of high-load customers.

From a market competition perspective, the declining concentration indices observed during the review period are generally positive indicators of retail market development. Lower HHI values suggest that customer choice is being exercised more broadly and that suppliers are increasingly competing for market share. The growth in CEUs across different regions, industry sectors, and consumption levels, as discussed in the preceding figures, appears to have contributed to a more diverse distribution of customers among suppliers. Moreover, the increasing participation of independent suppliers and the gradual expansion of the “Others” group in the market share statistics indicate that new and smaller suppliers are continuing to establish a presence in the market.

1.2.2.2. Four-Firm Concentration Index (C4)⁶

Figure 11 presents the Four-Firm Concentration Index (C4) for CREM from the second quarter of 2025 to the second quarter of 2026. It assesses the degree of market concentration based on both the number of CEUs and total electricity consumption, at both the MPG and individual supplier levels.

In the second quarter of 2026, the C4 index continued to indicate a concentrated retail electricity market, although the overall trend points to a gradual improvement in competitive conditions. As shown in Figure 11, the C4 based on the number of CEUs per MPG declined to 73.1% in the second quarter of 2026 from 73.4% in the first quarter, continuing the downward trend from 76.1% recorded in the second quarter of 2025. This represents a year-on-year reduction of 3.0%, indicating that the four largest participant groups collectively accounted for a slightly smaller share of total customers than in the previous year. Similarly, the C4 based on the number of CEUs per supplier remained at 52.1% in the second quarter of 2026, unchanged from the first quarter but lower than

⁶ C4 measures the percentage of market share of the four largest firms in the market. Concentration levels are as follows: High: 80% to 100%; Medium: 50% to 80%; and Low: 0% to 50%.

the 56.0% recorded in the second quarter of 2025. The decline in both indicators suggests that customer participation is becoming more distributed across a broader range of suppliers, reflecting the continued entry and expansion of market participants in the retail electricity sector.

When measured based on electricity consumption, concentration ratios remained relatively stable but continued to indicate a concentrated market. The C4 based on CEU consumption per MPG decreased from 76.2% in the first quarter of 2026 to 74.8% in the second quarter, representing a quarter-on-quarter decline of 1.4 percentage points and the lowest level observed during the review period. Compared with 76.2% in the second quarter of 2025, the latest value also reflects a modest year-on-year decrease, suggesting that electricity demand is gradually becoming less concentrated among the largest market participant groups. Meanwhile, the C4 based on consumption per supplier stood at 55.5% in the second quarter of 2026, slightly lower than the 55.6% recorded in the first quarter and the 56.1% recorded in the fourth quarter of 2025. Although the reduction was marginal, the result indicates a slight moderation in supplier concentration, suggesting that electricity consumption is being distributed among a somewhat broader group of competing suppliers.

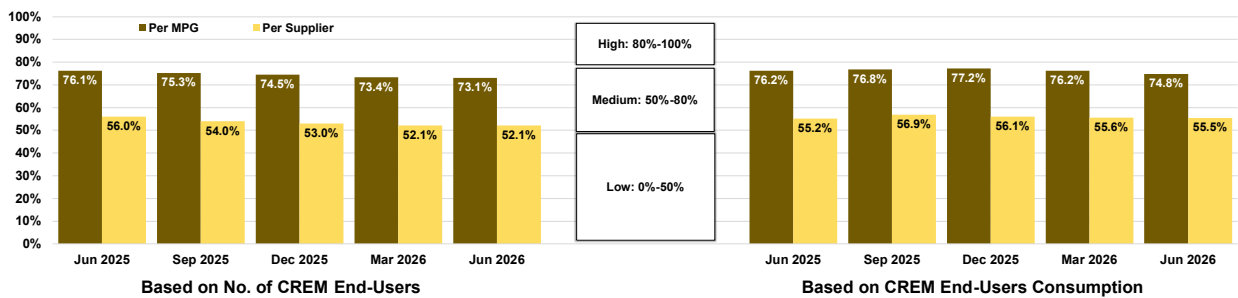


Figure 11. Four-Firm Index as of the Period for Q2 2025 to Q2 2026

The results are also consistent with the HHI analysis presented in Figure 10. Both measures show that the retail market remains concentrated but is gradually moving toward a more competitive structure. Notably, the decline in concentration is more pronounced when measured by customer count than by electricity consumption. This suggests that while smaller and medium-sized consumers are increasingly participating in CREM and contributing to a more diverse customer base, large-load customers continue to account for a substantial share of electricity demand and remain concentrated among major suppliers.

1.3. MARKET PERFORMANCE

1.3.1. Energy Consumption

1.3.1.1. Total Energy Consumption

The overall electricity consumption profile of the retail market in second quarter of 2026 reflects the continued expansion of competitive retail participation alongside a significant recovery in total electricity demand. As shown in Figure 12, total energy consumption reached 32,107 GWh during the quarter, representing an increase of 5,621 GWh or 21.2% from the 26,486 GWh recorded in first quarter of 2026 and surpassing the consumption levels observed in all previous quarters within the

review period. The increase was primarily driven by higher demand from both Captive Customers and CREM participants, indicating stronger electricity utilization across commercial, industrial, and other economic sectors during the quarter.

Consumption attributable to CEUs increased from 6,205 GWh in first quarter of 2026 to 6,698 GWh in second quarter of 2026, reflecting a quarter-on-quarter growth of approximately 7.9%. This increase is consistent with the trends discussed in the preceding sections of the report, particularly the continued rise in the number of CEUs, which reached 2,820 by the end of second quarter of 2026. Despite CREM customers accounting for only a portion of total electricity demand, the increase in CREM consumption demonstrates that retail competition continues to gain traction not only through customer migration but also through the growing electricity requirements of existing retail customers. On a year-on-year basis, CREM consumption increased by 333 GWh or 5.2% from 6,365 GWh in second quarter of 2025, further indicating the sustained relevance of competitive supply arrangements in serving the electricity needs of contestable consumers.

Among the customer categories shown in the figure, the most notable growth was observed in the RAP segment. Energy consumption associated with RAGs increased from 149 GWh in first quarter of 2026 to 234 GWh in second quarter of 2026, representing a substantial quarter-on-quarter growth of approximately 57.0% and more than sixteen times the consumption recorded in second quarter of 2025 (14 GWh). This significant increase demonstrates the continuing maturation of RAP and suggests growing market acceptance of aggregation as one of the entry ways for individual smaller consumers not yet eligible to the current threshold to participate in the retail market. The increase is consistent with earlier findings showing the predominance of aggregation participants within lower consumption categories and highlights the effectiveness of the program in broadening customer access to the competitive market.

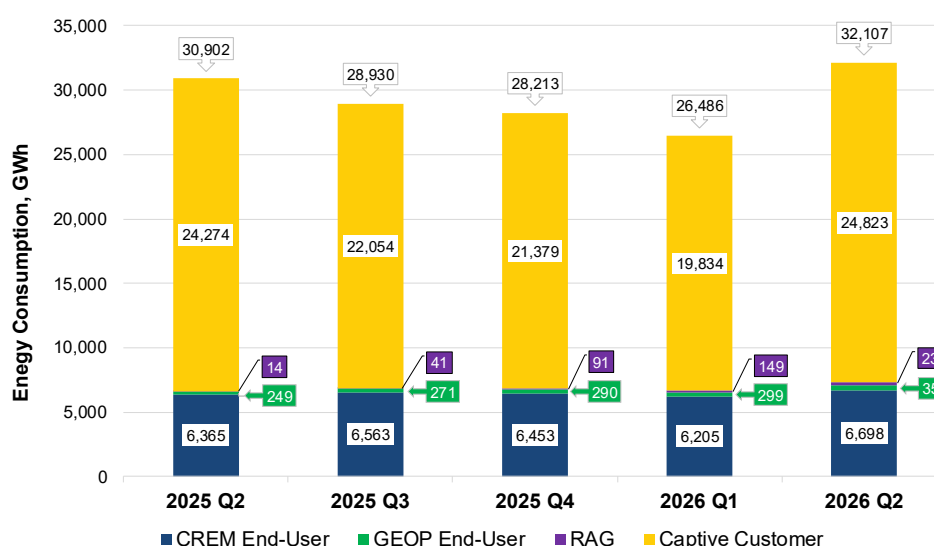


Figure 12. Total Energy Consumption (in GWh) for each Quarter from Q2 2025 to Q2 2026

Meanwhile, Captive Customers remained the largest contributor to total electricity consumption, accounting for 24,823 GWh in second quarter of 2026, compared with 19,834 GWh in first quarter of 2026. The quarter-on-quarter increase of 25.2% reflects the overall increase in electricity demand across the market. Despite the continued migration of eligible customers to CREM and participation

in GEOP and RAP, captive consumption still represented of about 77.3% of total electricity demand during the quarter, indicating that a substantial portion of electricity consumers remain outside competitive supply arrangements.

1.3.1.2. Monthly Energy Consumption

The energy consumption profile by industry type continued to highlight the important role of both commercial and industrial customers in driving retail market activity, while also showing the continued expansion of the RAP across both sectors. As shown in Figure 13, industrial CEUs remained the largest contributors to retail market energy consumption throughout the review period. In the second quarter of 2026, average monthly industrial CEU consumption reached 1,433.56 GWh, an increase of 11.1% from 1,291.44 GWh in March 2026 and the highest level recorded during the review period. Commercial CEU consumption also increased, from 715.72 GWh in March 2026 to 876.53 GWh in June 2026, representing a quarter-on-quarter increase of 22.5%. Compared with June 2025, commercial CEU consumption increased by approximately 10.2%, while industrial consumption grew by approximately 13.9%, indicating sustained growth in electricity demand across both major customer sectors. The increase in consumption during the second quarter of 2026 is consistent with the growth in total CREM energy consumption discussed in the previous section.

The data further show that industrial customers continue to account for the majority of electricity demand within CREM, even though commercial customers represent a larger share of total CEUs. This suggests that industrial establishments, including manufacturing, processing, and other energy-intensive operations, remain major contributors to electricity demand in the retail market. At the same time, the stronger quarter-on-quarter growth in commercial consumption points to increasing participation and electricity demand from establishments such as office buildings, retail facilities, business process outsourcing centers, educational institutions, healthcare facilities, and other commercial enterprises.

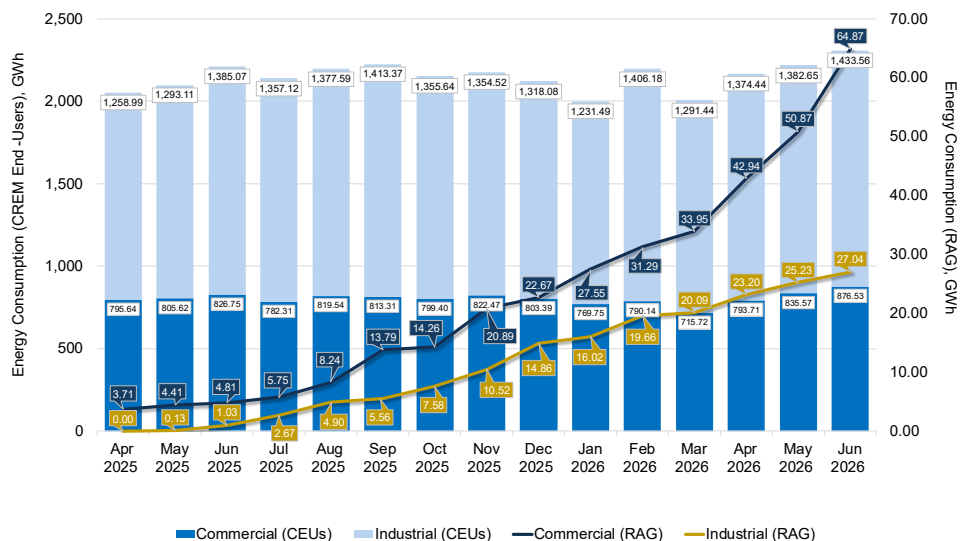


Figure 13. Total Energy Consumption by Industry Type (in GWh) for each Period from Q2 2025 to Q2 2026

A notable development during the review period was the continued growth in electricity consumption under the RAP. Commercial RAG consumption increased from 42.94 GWh in April 2026 to 64.87 GWh in June 2026, representing an increase of approximately 51.1% over the quarter. Similarly, industrial RAG consumption grew from 23.20 GWh to 27.04 GWh over the same period, or an increase of 16.6%. The growth in RAG consumption has been particularly notable since the latter part of 2025, with commercial aggregation recording the fastest increase among the customer categories. Commercial RAG consumption grew from only 3.71 GWh in April 2025 to 64.87 GWh in June 2026, while industrial RAG consumption increased from virtually zero at the start of the review period to 27.04 GWh by the end of the second quarter of 2026. These trends point to growing market acceptance of aggregation as a way for smaller consumers to participate in retail competition and gain access to supplier choice.

Generally, the second quarter of 2026 was marked by strong growth in electricity demand across both the commercial and industrial sectors, alongside a significant increase in retail aggregation activity. The sustained growth in CEU consumption, together with the rapid expansion of RAP demand, reflects the continued development of the retail electricity market and the growing role of customer choice mechanisms in broadening market participation.

1.3.2. Load Profile

1.3.2.1. Hourly Energy Consumption Profile

The hourly consumption profile of industrial CEUs from January to June 2026 highlights the continued importance of industrial loads within CREM. The profile shows relatively stable and sustained demand throughout the day, reflecting the operational requirements of energy-intensive industries. As shown in Figure 14, industrial CREM consumption remained consistently high across the hourly intervals, with average hourly demand generally ranging from approximately 1,700 MWh to nearly 2,000 MWh throughout the six-month period. Unlike commercial loads, which are typically concentrated during standard business hours, industrial consumption showed a flatter load curve with less pronounced differences between peak and off-peak periods. The relatively stable demand profile also highlights the important role of industrial customers in providing a steady demand base within the retail market.

During second quarter of 2026, average industrial CEU consumption increased notably compared with first quarter of 2026. The increase was particularly evident during the daytime and evening hours, with June 2026 recording the highest average hourly consumption levels of the review period and approaching 2,000 MWh in several intervals. This trend is consistent with the findings in Figure 13, which showed that industrial CEU energy consumption increased from 1,291.44 GWh in March 2026 to 1,433.56 GWh in June 2026, representing an increase of approximately 11.1%.

The hourly load pattern also shows that industrial demand remained relatively strong even during traditionally lower-demand hours. Consumption generally stayed elevated during the early morning hours and gradually increased toward the latter part of the day, with some of the highest hourly averages occurring between 2200h and 2400h, particularly in May and June 2026. This pattern

suggests that many industrial CEUs operate on continuous or multi-shift schedules, resulting in a more evenly distributed demand profile compared with other customer sectors.

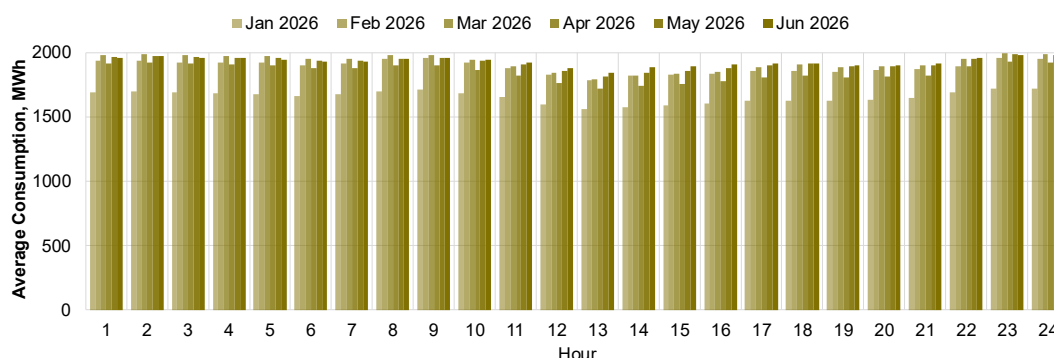


Figure 14. CREM Hourly Average Energy Consumption (in MWh), Industrial, January 2026 to June 2026

Meanwhile, the hourly energy consumption profile of commercial CEUs in second quarter of 2026 reflects the continued growth of the commercial sector within CREM. The profile shows a pronounced daytime demand pattern, with electricity consumption increasing across most trading intervals. As shown in Figure 15, commercial electricity demand followed a typical business-oriented load curve, gradually increasing during the morning, reaching its highest levels during the daytime and early evening, and declining toward the late-night hours. During second quarter of 2026, average hourly commercial consumption ranged from approximately 700 MWh to more than 1,600 MWh, with the highest demand generally occurring between 1400h and 1800h, when office activities, retail operations, and other commercial and service-sector businesses are typically at their busiest. This pattern contrasts with the relatively flatter load profile of industrial CEUs shown in Figure 14 and highlights the different operating characteristics and electricity consumption patterns of the two major customer sectors in CREM.

Compared with first quarter of 2026, commercial CEU consumption increased noticeably across nearly all hourly intervals during second quarter of 2026. The monthly profile from April to June 2026 shows a steady increase in demand, with June 2026 consistently recording the highest average hourly consumption levels during the six-month period. Peak-hour demand increased from approximately 1,450 MWh to 1,500 MWh in first quarter of 2026 to more than 1,600 MWh in June 2026, indicating higher electricity utilization among commercial customers during the quarter. This is consistent with the findings in Figure 13, which showed that commercial CEU consumption increased from 715.72 GWh in March 2026 to 876.53 GWh in June 2026, representing an increase of approximately 22.5%. The stronger growth in commercial consumption compared with industrial consumption suggests that commercial establishments were a major contributor to the increase in CREM electricity demand during the review period.

The continued increase in commercial energy consumption is also consistent with the expansion of commercial CEUs and the growing participation of customers under the lower contestability thresholds discussed in the preceding sections. The commercial sector accounted for the largest share of total CEUs and recorded the highest increase in customer numbers during second quarter of 2026.

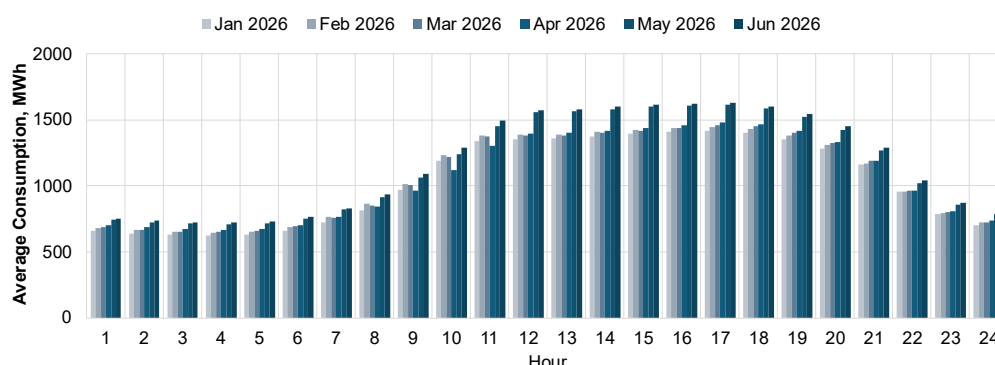


Figure 15. CREM Hourly Average Energy Consumption (in MWh), Commercial, January 2026 to June 2026

A closer look at the hourly profile shows that commercial demand remains concentrated during regular business and operating hours. Consumption begins to increase after the early morning period, reaches its highest levels during the afternoon, and remains elevated into the early evening before gradually declining. This pattern reflects the operating schedules of many commercial customers and provides opportunities for suppliers to develop pricing arrangements and energy solutions suited to daytime demand. The relatively predictable load profile may also help RES manage their portfolios more effectively by aligning supply resources with customer demand patterns.

On the other hand, the hourly energy consumption profile of industrial RAGs in second quarter of 2026 reflects the continued expansion of the RAP and the growing participation of aggregated industrial customers. As shown in Figure 16, average hourly industrial RAG consumption increased steadily throughout the first half of 2026, with demand levels in April to June consistently higher than those recorded during the first quarter. Across the trading intervals, June 2026 recorded the highest hourly consumption levels, reaching approximately 40 to 41 MWh during peak hours, compared with around 23 to 25 MWh in January 2026. This month-on-month increase indicates that aggregated industrial customers are using more electricity and that RAP is gradually gaining a larger role in providing access to competitive electricity supply arrangements.

The industrial RAG demand remained fairly consistent across the 24-hour period, with a gradual increase beginning in the morning and peak consumption generally occurring between 1400h and 1700h. During these hours, average hourly demand exceeded 40 MWh in June 2026. Unlike commercial customers, whose electricity use is more closely tied to regular operating hours, the flatter load profile of industrial RAGs suggests the presence of manufacturing facilities and other continuous or multi-shift operations that require sustained electricity consumption.

Meanwhile, quarter-on-quarter industrial RAG consumption showed strong growth in Q2 2026. As discussed in Figure 13, industrial RAG energy consumption increased from 20.09 GWh in March 2026 to 27.04 GWh in June 2026, representing an increase of approximately 34.6% over the quarter. The increase was observed across nearly all hourly intervals, with demand levels in second quarter consistently exceeding those recorded from the first quarter of 2026.

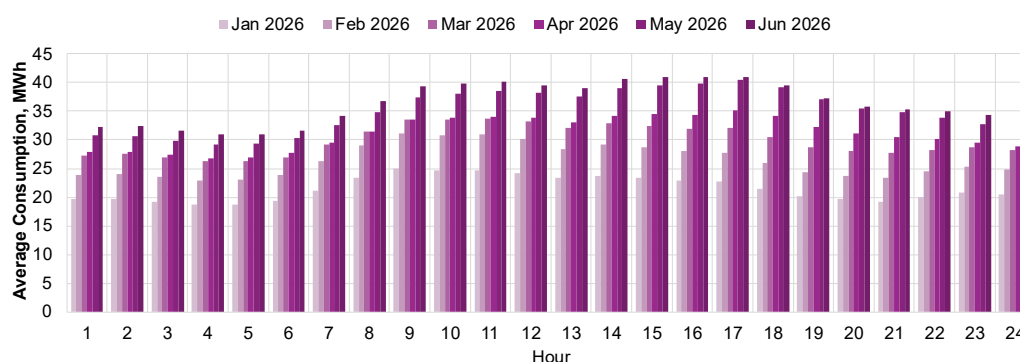


Figure 16. RAG Hourly Average Energy Consumption (in MWh), Industrial, January 2026 to June 2026

Continuing with the RAG hourly average energy consumption profiles, the commercial RAGs continued to show strong growth throughout the first half of 2026, reflecting the increasing adoption of the RAP among smaller commercial consumers and the growing contribution of aggregated demand to the retail electricity market. As shown in Figure 17, average hourly commercial RAG consumption increased steadily across the trading intervals from January to June 2026, with June consistently recording the highest demand levels during the review period. Average consumption during the early morning hours increased from approximately 30 MWh in January 2026 to more than 60 MWh by June 2026, while peak daytime demand rose from around 45–50 MWh to more than 105 MWh over the same period. The sustained increase across the different hours suggests that the growth in commercial aggregation is not limited to specific operating periods but reflects broader growth in participation and electricity use among aggregated commercial customers.

The load profile showed a pronounced daytime demand pattern, similar to the consumption profile of commercial CREM customers discussed in Figure 15. Demand began increasing during the morning hours, accelerated from approximately 0700h onwards, and reached its highest levels between 1200h and 1700h, before gradually declining in the evening. This pattern is typical of commercial establishments such as offices, retail centers, educational institutions, healthcare facilities, and other service-oriented businesses whose operations are generally concentrated during daytime hours. The similarity between the load profiles of commercial RAGs and commercial CEUs suggests that aggregated customers have operating characteristics similar to existing contestable customers. This further demonstrates how aggregation can extend access to competitive electricity supply to smaller commercial consumers.

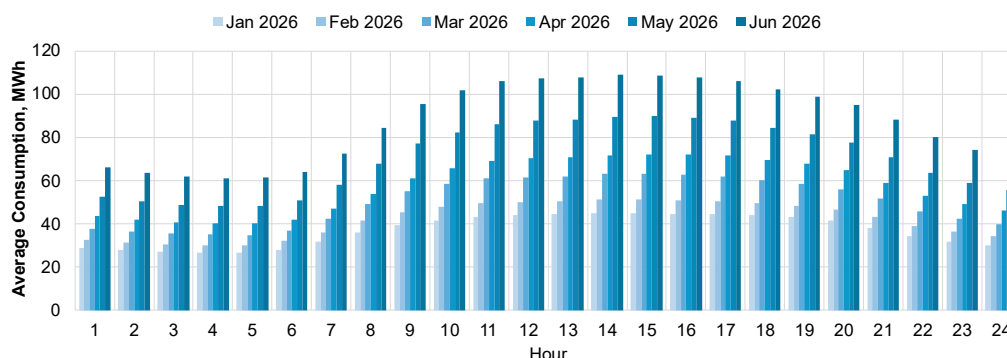


Figure 17. RAG Hourly Average Energy Consumption (in MWh), Commercial, January 2026 to June 2026

Overall, commercial RAGs recorded substantial growth in electricity consumption during second quarter of 2026, with demand increasing across the trading intervals and reaching the highest levels observed during the review period. The strong growth in aggregated commercial demand highlights the growing role of RAP in enabling smaller consumers to participate in the competitive market and expanding the reach of retail competition.

1.4. RETAIL ACTIVITY

1.4.1. Market Transactions

The transaction profile of the CREM and the RAP during the first half of 2026 shows continued reliance on bilateral contracting, alongside increasing participation in the spot market, particularly during second quarter of 2026. As shown in Figure 18, Bilateral Contract Quantities (BCQ) continued to account for the majority of energy transactions throughout the review period, increasing from 1,854,996 MWh in March 2026 to 2,127,563 MWh in June 2026. At the same time, spot market quantities increased from 206,215 MWh in March 2026 to 274,820 MWh in June 2026, representing a quarter-on-quarter increase of approximately 33.3%. Total energy transactions, comprising BCQ and spot market purchases, reached their highest level during the review period in June 2026, at approximately 2.40 million MWh, compared with around 2.06 million MWh in March 2026. This increase is consistent with the higher CREM and RAP energy consumption levels presented in Figures 12 and 13, which showed stronger electricity demand from both commercial and industrial retail market participants during second quarter of 2026.

Spot market exposure also increased during the quarter. Spot exposure rose from 10.00% in March 2026 to 12.83% in April 2026, before declining slightly to 10.14% in May 2026 and increasing again to 11.44% in June 2026. Compared with the first quarter of 2026 average spot exposure of approximately 9.4%, the second quarter of 2026 average of approximately 11.5% indicates greater use of the WESM spot market during the quarter. Despite the increase, spot exposure remained relatively moderate, indicating that suppliers continued to rely primarily on bilateral arrangements to manage procurement risks while retaining the flexibility to use the spot market when needed.

The movement in BCQ volumes further highlights the reliance of RES into bilateral contracting to ensure supply of electricity to their customers. BCQ increased from 1,948,027 MWh in April 2026 to

2,127,563 MWh in June 2026, representing an increase of approximately 9.2% over the quarter. The continued growth in BCQ suggests that suppliers and retail customers remain focused on securing a stable electricity supply through contractual arrangements. At the same time, the increase in spot purchases highlights the role of WESM as a balancing mechanism, allowing market participants to respond to changes in actual demand and supply requirements.

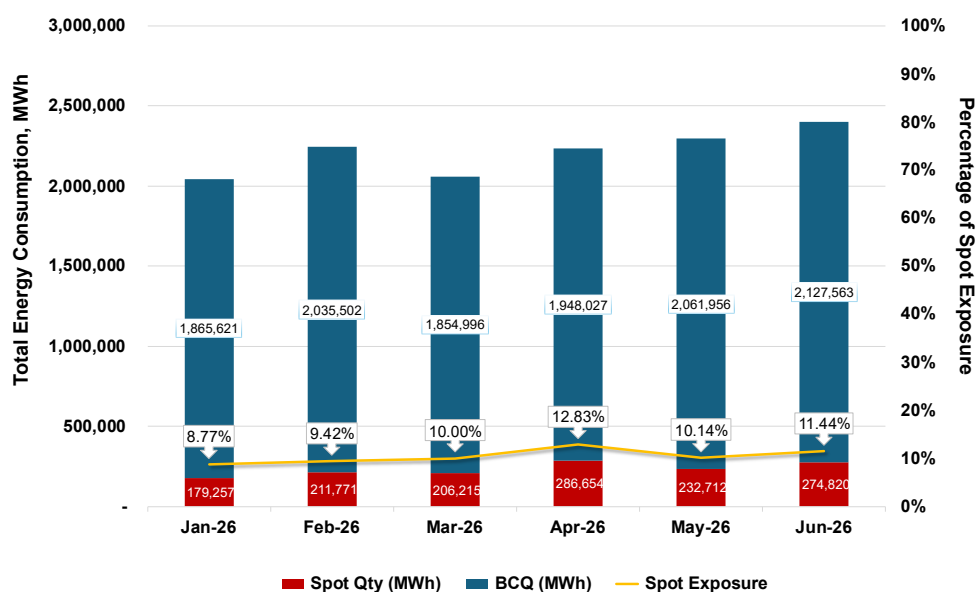


Figure 18. CREM and RAP Market Transaction, Q1 2026 to Q2 2026

While spot exposure remained relatively moderate, greater reliance on spot market purchases can increase suppliers' and customers' exposure to price volatility, particularly during periods of supply constraints or elevated demand. Nevertheless, bilateral contracts accounted for nearly 89% of total transactions in June 2026, confirming that contractual procurement remained the dominant strategy within CREM and RAP.

1.4.2. Customer Switching Rate

Customer switching in the CREM refers to the process by which CEUs transfer from one RES to another. Under the Retail Rules⁷, switching is permitted once a customer's contract expires or when both parties agree to an early termination. This mechanism ensures that customers retain the freedom to choose their preferred supplier, thereby promoting competition and encouraging more efficient market outcomes.

The switching activity observed during the first half of 2026 indicates that customer mobility within CREM remained active, reflecting the continued exercise of supplier choice by CEUs and ongoing competition among RES. As shown in Figure 19, 45 regular switches were recorded during second quarter of 2026, consisting of 19 switches in April, 10 in May, and 16 in June. While the quarterly

⁷ Retail Rules, Section 3.2 Retail Customer Transactions

total declined by approximately 32.8% from the 67 switches recorded in first quarter of 2026, switching activity remained within historical levels and continued to show that customers actively evaluate their supply arrangements in response to market conditions, pricing, contract expirations, and service offerings.

The customer switching rate also fluctuated throughout the review period but remained below 1.0% in most months. The switching rate stood at 0.70% in April 2026, declined to 0.36% in May 2026, and increased to 0.57% in June 2026. Compared with the first quarter of 2026 average switching rate of approximately 0.85%, the second quarter of 2026 average of approximately 0.54% indicates a moderation in customer movement between suppliers. Nevertheless, the increase in June following the May low shows that switching activity continued to respond to market opportunities and contractual arrangements.

The relationship between actual switching activity and projected switching opportunities provides further insight into customer behavior. Projected switches, which represent CEUs with contracts scheduled to expire during the billing period, based on the IEMOP data, continued to exceed actual switch transactions in all months. The number of projected switches increased from 17 in April 2026 to 29 in May 2026 and 33 in June 2026, indicating a growing pool of customers with potential opportunities to change suppliers. However, actual switching remained below the projected levels, suggesting that many customers chose to stay with their existing suppliers, either through contract renewals or renegotiated supply arrangements.

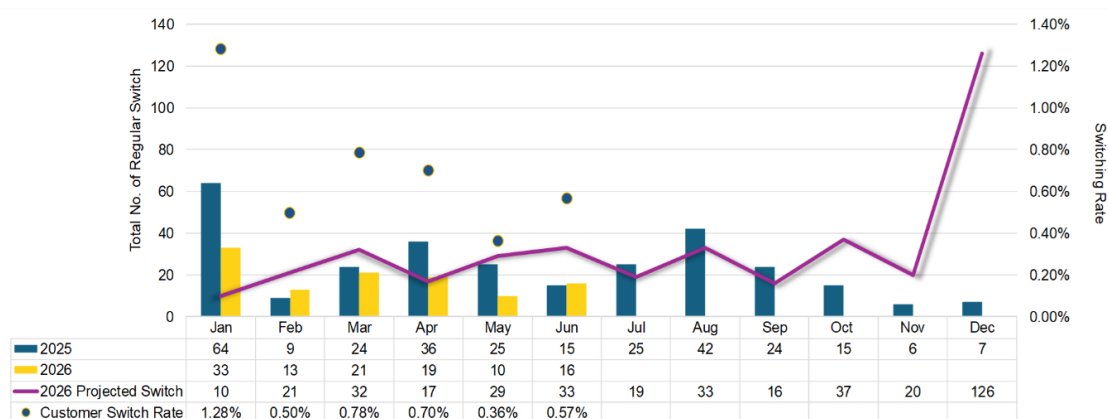


Figure 19. Switching Rate, 2025 to Q2 2026

**Projected Switch – CEUs with projected contract expiration during the billing period⁸*

The ability to change suppliers encourages RESs to remain competitive and gives customers greater leverage in seeking favorable prices, reliable service, innovative products, and renewable energy options. Although switching rates remained relatively modest during second quarter of 2026, the continued occurrence of switching indicates that customers retain meaningful supplier choice.

Meanwhile, the switching behavior among major MPGs during second quarter of 2026 indicates that customer mobility remained active across the retail market. A notable share of CEUs transferred between competing supplier groups rather than switching between affiliated suppliers within the

⁸ Based on the Monthly IEMOP Summary Report for RCOA and GEOP

same MPG. As shown in Figure 20, a total of 45 regular switches were recorded among the major participant groups during the quarter. The “Others” group recorded the highest number of switched customers, with 19 CEUs, representing approximately 42.2% of total switching activity. Of these, 12 CEUs came from other MPGs, while seven switches occurred within the same MPG. This indicates that smaller and independent suppliers continued to attract customers from both competing participant groups and their own affiliated suppliers.

The Aboitiz Group recorded the second-highest switching activity, with 10 CEUs, evenly divided between customers acquired from other MPGs and customers transferred within affiliated suppliers. The First Gen Group recorded seven switches, all of which came from other MPGs. Meanwhile, the MERALCO Group, Ayala Group, and Marubeni Group recorded four, four, and one switch, respectively. Notably, all switches involving the MERALCO, First Gen, and Marubeni Groups came from competing MPGs, indicating their ability to attract customers beyond their existing portfolios during the quarter.

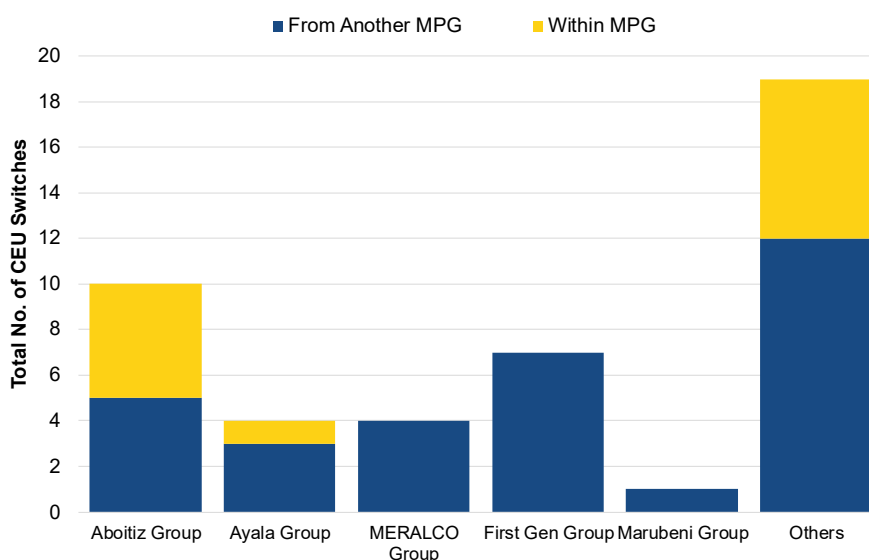


Figure 20. Total No. of CEU Switches in the Major Participant Groups for Q2 2026

The switching distribution provides further evidence of the competitive dynamics discussed in the preceding sections of this report. Although overall switching activity declined in second quarter of 2026 compared with first quarter of 2026, as shown in Figure 19, the predominance of inter-MPG switching indicates that customers continued to consider alternative suppliers and exercise their ability to choose among competing retail providers.

The results also complement the market share and concentration analyses presented in Figures 8, 10, and 11. Earlier findings showed a gradual decline in market concentration and an increasing presence of smaller and independent suppliers in CREM. The strong representation of the “Others” group in switching activity supports this trend, indicating that smaller suppliers continue to have opportunities to attract customers from larger participant groups. Similarly, the ability of the First Gen Group and other market participants to gain customers from competing MPGs reflects the continued presence of competitive pressure within the market. These developments contribute to a

more diverse participation of customers across suppliers.

1.4.3. Retail Rate

Figure 21 compares the Weighted Average Retail Generation Rate (WARGR)⁹ of Retail Electricity Suppliers (RES and Local RES) under the CREM against the average generation rates of the top five Distribution Utilities (DUs)¹⁰ based on consumption, covering the period from January 2026 to June 2026. The chart provides a benchmark for retail supply prices in the competitive market relative to the regulated generation rates typically paid by customers remaining under DU supply.

Price competitiveness remained one of the key benefits of CREM during second quarter of 2026, with retail customers continuing to benefit from electricity rates that were consistently lower than the average generation rates of the largest distribution utilities by consumption. As shown in Figure 21, the weighted average electricity rate for customers supplied by Retail Electricity Suppliers (RES) and Local RES (LRES)¹¹ remained relatively stable throughout the first half of 2026, ranging from Php 5.33/kWh to Php 5.41/kWh. In contrast, the weighted average generation rate of the Top Five Distribution Utilities (DUs) by consumption¹² was more volatile and remained noticeably higher, increasing from Php 6.12/kWh in January 2026 to Php 7.04/kWh in June 2026. As a result, CREM customers continued to benefit from a significant average price advantage throughout the review period. The rate difference widened from approximately Php 0.79/kWh in January 2026 to Php 1.63/kWh in June 2026, more than doubling over the period. This widening gap highlights the continued attractiveness of retail competition and the potential cost benefits available to eligible customers that participate in CREM.

Quarter-on-quarter analysis shows that while CREM rates remained largely stable, generation rates in the captive market increased during second quarter of 2026. The weighted average CREM rate remained at Php 5.41/kWh throughout the second quarter, as referred to the latest April 2026 ERC Statistical Report in the Retail Market as of writing. In comparison, the average generation rate of the Top Five DUs increased from Php 6.36/kWh in first quarter of 2026 to Php 6.75/kWh in second quarter of 2026, representing a quarter-on-quarter increase of approximately 6.1%. As a result, the average rate difference between CREM and the Top Five DUs widened from approximately Php 0.95/kWh in first quarter of 2026 to Php 1.34/kWh in second quarter of 2026. This widening differential indicates that retail supply arrangements continued to provide customers with a potentially more cost-effective alternative amid higher generation rates in the captive market.

⁹ Based on the Monthly ERC Statistical Report of the Customer Choice Programs in the Retail Market

¹⁰ Top 5 Distribution Utilities based on CREM energy consumption for each period from the Monthly Retail Market Statistics

¹¹ For April 2026, May 2026, and June 2026, the Weighted Average Retail Rate of Php 5.41/kWh were used as reference to the April 2026 ERC Statistical Report as the latest report publish as of writing.

¹² Average monthly generation rates based on published rates of each DU in their website

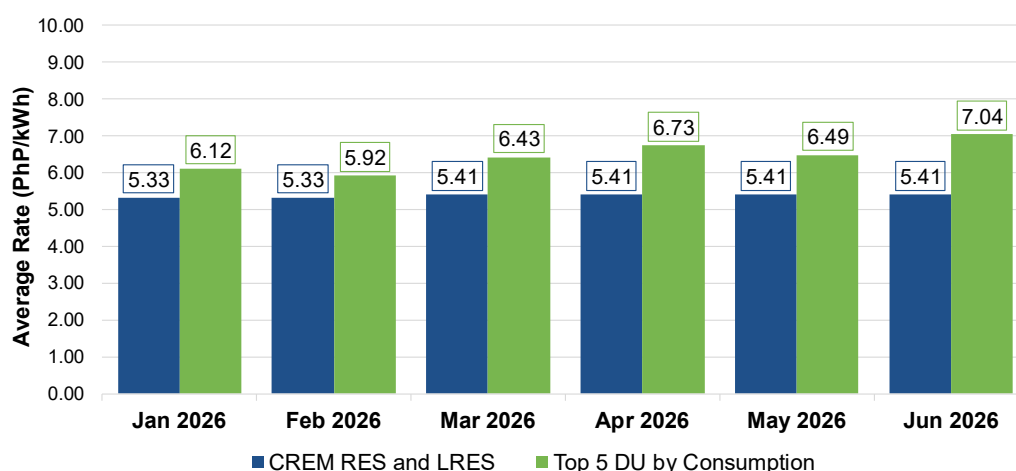


Figure 21. CREM (RES & Local RES) Weighted Average Rate and Top 5 DU Average Generation Rate (by Consumption) for Q1 2026 to Q2 2026

The widening gap between CREM rates and DU generation rates also has important implications for customer choice and market development. The price difference strengthens the economic incentive for eligible customers to consider switching to CREM or participating in customer choice programs. This is particularly relevant given the continued increase in CEUs and the growing participation of smaller consumers through RAP.

1.4.4. Estimated Savings

Continuing from the previous section, Figure 22 shows CREM's estimated quarterly savings (in million pesos) for commercial and industrial end-users. The stacked bars illustrate the combined total for each quarter.

For this report, savings were estimated by calculating the difference between the WARGR¹³ and the top 5 DU¹⁴ average generation rates¹⁵, multiplied by the monthly consumption of CEUs and then aggregated quarterly. These figures are based on available data and should be considered indicative rather than definitive.

The continued expansion of CREM translated into significantly greater economic benefits for participating customers during second quarter of 2026, with estimated savings reaching their highest level during the review period. As shown in Figure 22, total estimated savings from CREM participation increased from Php 4.91 billion in first quarter of 2026 to Php 9.03 billion in second quarter of 2026, representing a substantial quarter-on-quarter increase of approximately 83.6%. The increase was observed across both customer sectors. Estimated savings for commercial CREM customers rose from Php 1.80 billion in first quarter of 2026 to Php 3.38 billion in second quarter of 2026, while industrial CREM customers recorded an increase from Php 3.11 billion to Php 5.65 billion over the same period. The second quarter of 2026 also recorded the highest estimated

¹³ Based on the Monthly ERC Statistical Report of the Customer Choice Programs in the Retail Market

¹⁴ Top 5 Distribution Utilities based on CREM energy consumption for each period from the Monthly Retail Market Statistics

¹⁵ Average monthly generation rates based on published rates of each DU in their website

savings during the review period, significantly exceeding the Php 3.11 billion recorded in second quarter of 2025 and highlighting the growing value that customers derive from participating in the competitive market.

The strong growth in estimated savings during Q2 2026 was driven by the combined effects of higher CREM energy consumption and the widening price difference between retail electricity rates and captive market generation rates. As discussed in Figure 21, the weighted average CREM rate remained relatively stable at approximately Php 5.41/kWh throughout the quarter¹⁶, while the weighted average generation rate of the Top Five Distribution Utilities increased to Php 7.04/kWh by June 2026. This wider price gap increased the potential savings for CREM customers and, when applied to higher electricity consumption, resulted in greater aggregate savings.

The industrial sector continued to account for the majority of estimated savings during the review period, contributing Php 5.65 billion, or approximately 62.6%, of total CREM savings in second quarter of 2026. This reflects the significantly higher electricity consumption of industrial customers, which consistently exceeded that of the commercial sector despite commercial customers accounting for a larger share of total CEUs.

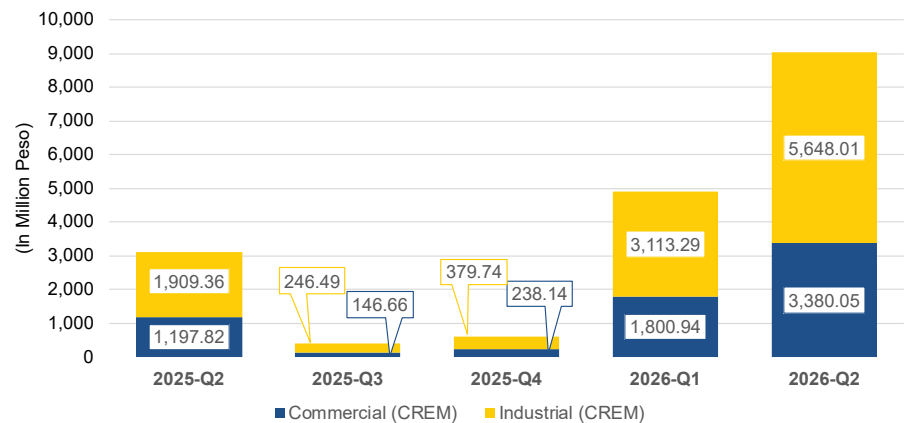


Figure 22. CREM’s Quarterly Estimated Savings for Q2 2025 to Q2 2026

The trend shown in Figure 22 is consistent with the broader developments discussed throughout this report. Earlier figures showed continued growth in CEU participation, increasing electricity consumption across both commercial and industrial sectors, declining market concentration indicators, and sustained competition among suppliers.

It is important to note that savings are not guaranteed each quarter. While the retail market can yield substantial benefits under favorable market conditions, the level of savings depends largely on the relative movement of retail supply rates and DU generation rates.

2.0 GREEN ENERGY OPTION PROGRAM

¹⁶ For April 2026, May 2026, and June 2026, the Weighted Average Retail Rate of Php 5.41/kWh were used as reference to the April 2026 ERC Statistical Report as the latest report publish as of writing.

This portion provides an assessment on the implementation of the Green Energy Option Program (GEOP) for the covered period, utilizing the CREM indices for the review of activities under this program.

2.1 MARKET STRUCTURE

This section presents an overview of the market structure of GEOP during the review period. It provides a breakdown of the composition of participants and suppliers in the program. These components describe how participation in GEOP is distributed across different customer segments and supply-side entities.

2.1.1 Number of Participants

This subsection focuses on the number of end-users participating in the GEOP. It outlines the total registered participants and examines their distribution across different categories, including demand threshold, geographic location, and retail activity classification. The discussion provides a view of how GEOP participation is composed in terms of customer size, location, and type of business activity.

2.1.1.1 GEOP End-Users (GEUs)

The continued expansion of GEOP participation among customers within the 100 kW to 499 kW customer segment indicates growing awareness and acceptance of renewable energy procurement as part of the broader retail electricity market. As shown in Figure 23, the cumulative number of eligible end-users within the 100-499 kW threshold registered under GEOP increased steadily from 627 customers in second quarter of 2025 to 963 customers in second quarter of 2026, representing an increase of 336 customers or 53.6% year-on-year. On a quarter-on-quarter basis, registered GEOP customers increased from 877 in first quarter of 2026 to 963 in second quarter of 2026, reflecting a net addition of 86 customers or 9.8% during the quarter. In contrast, the number of eligible customers within the same threshold that had not yet registered under GEOP continued to decline, from 11,555 customers in second quarter of 2025 to 10,888 customers in second quarter of 2026, equivalent to a reduction of 667 customers or 5.8% over the twelve-month period. Compared with the 10,921 customers recorded in first quarter of 2026, the non-registered population declined by a further 33 customers in second quarter of 2026. Taking together, these trends point to a gradual but sustained shift of eligible customers toward renewable energy participation through GEOP.

This trend suggests that more customers are recognizing the potential benefits of sourcing electricity from renewable energy suppliers, including strengthening their sustainability profiles, supporting corporate environmental objectives, and accessing alternative electricity supply arrangements. At the same time, the substantial number of eligible customers that have yet to register indicates considerable room for further growth. With more than 10,800 eligible customers within the 100 kW to 499 kW threshold still outside the program, this segment represents a sizeable potential market for GEOP.

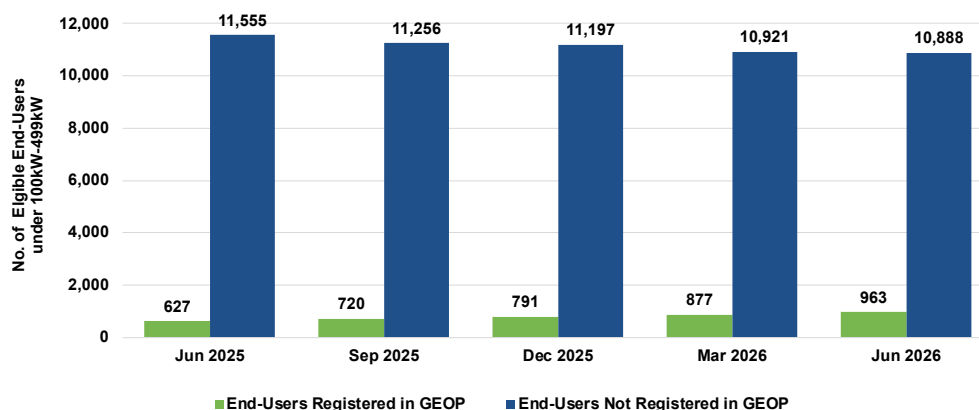


Figure 23. Cumulative Number of Eligible End-Users under 100-499kW Threshold¹⁷, as of end of each Quarter for Q2 2025 to Q2 2026

The increase in GEOP participation contributes to greater competition in the retail electricity market by expanding the range of supply options available to consumers. Similar to the growth observed under CREM and RAP, GEOP provides consumers with greater flexibility to consider both electricity prices and energy source preferences when making supply decisions. This trend is further complemented by the increasing electricity consumption attributed to GEOP customers discussed in Figure 12, suggesting that the growth in participation is accompanied by a corresponding increase in renewable energy procurement.

2.1.1.2 Per Threshold

This section presents the cumulative number of end-users registered under the GEOP, disaggregated by demand threshold, from the second quarter of 2025 to the second quarter of 2026. The thresholds include 100–499 kW, 500–749 kW, 750–999 kW, and 1 MW and above, alongside the corresponding quarter-on-quarter percentage changes. Figure 24 provides a clear view of how participation in GEOP is evolving across different customer segments and highlights the pace at which the program is expanding.

In addition, recent regulatory developments, including ERC issuances related to the expansion of eligibility thresholds, are expected to further influence participation trends. In particular, the recent move to lower the GEOP eligibility threshold to 50 kW¹⁸ represents a significant structural development for the program. While no participation under this revised threshold was recorded yet as of the second quarter of 2026, the policy change is expected to substantially expand the pool of eligible customers in succeeding periods. By allowing smaller end-users to directly participate in renewable energy sourcing, this adjustment is likely to accelerate growth in the lower-demand segments and further strengthen the role of GEOP as a pathway for broader retail market participation.

¹⁷ Based on the available data from ERC's Monthly Statistical Report of the Customer Choice Programs in the Retail Market for April 2026

¹⁸ DOE Department Circular No. DC2026-01-0002 Promulgating the Revised Rules and Guidelines Governing the Implementation of the Green Energy Option Program

The growth in GEOP participation continued to be driven primarily by customers within the 100-499 kW threshold, which accounted for 924 GEUs or approximately 96.0% of total program participants as of June 2026. The number of GEUs in this segment increased from 838 in first quarter of 2026 to 924 in second quarter of 2026, representing an addition of 86 participants during the quarter. Meanwhile, the 500-749 kW threshold accounted for 29 GEUs, while the 750-999 kW and 1 MW and above categories recorded six and four participants, respectively.

The continued concentration of GEOP registrations within the 100 kW to 499 kW segment highlights the program's role in providing smaller electricity consumers with access to renewable energy suppliers. Unlike CREM, where participation has traditionally been concentrated among customers with higher electricity demand, GEOP provides a lower eligibility threshold that allows a broader range of consumers to exercise supplier choice. This has opened opportunities for more commercial establishments and low to medium-sized consumers to participate in customer choice programs while supporting the adoption of renewable energy.

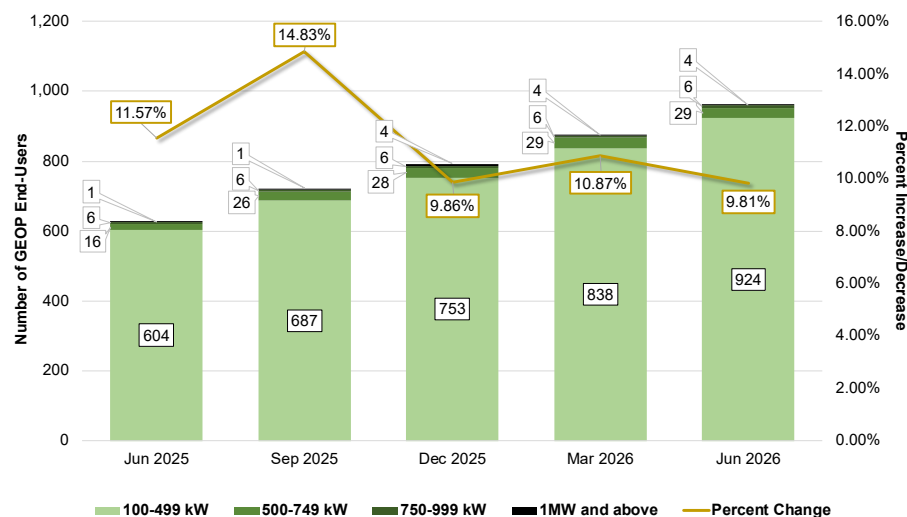


Figure 24. Cumulative Number of GEUs per Threshold as of the End of Quarters from Q2 2025 to Q2 2026

2.1.1.3 Per Location

The regional distribution of GEUs continued to grow across all major grids during second quarter of 2026, with participation remaining concentrated in Luzon while gradually expanding in the Visayas and Mindanao. As shown in Figure 25, the cumulative number of GEUs increased from 877 in first quarter of 2026 to 963 in second quarter of 2026, representing a quarter-on-quarter increase of 86 end-users or 9.8%. This growth is consistent with the trend observed in Figure 24, which showed continued increases in GEOP participation across the different eligibility thresholds. The rise in GEOP enrollment suggests growing consumer awareness of renewable energy procurement opportunities and continued interest in customer choice mechanisms that allow qualified end-users to source electricity from renewable energy suppliers.

Luzon remained the dominant region in terms of GEOP participation, accounting for 824 end-users

as of June 2026, or approximately 85.6% of the total GEOP population. This represents an increase of 72 end-users or 9.6% from the 752 end-users recorded in first quarter of 2026. The continued growth in Luzon is consistent with earlier findings in this report showing that the region also accounts for the majority of CEUs, CREM participants, and retail electricity demand.

The Visayas also continued to show steady growth, with GEUs increasing from 107 in first quarter of 2026 to 115 in second quarter of 2026, equivalent to a quarter-on-quarter growth rate of 7.5%. Although the number of participants remains substantially lower than in Luzon, the increase indicates growing awareness of renewable energy supply options and continued expansion of retail market participation in the region.

Participation in Mindanao remained limited but showed the strongest growth during the quarter. The number of GEOP end-users increased from 18 in first quarter of 2026 to 24 in second quarter of 2026, representing a 33.3% quarter-on-quarter increase, the highest among the three regions. Although the absolute number of participants remains small, the increase suggests that renewable energy customer choice is beginning to gain traction in Mindanao.

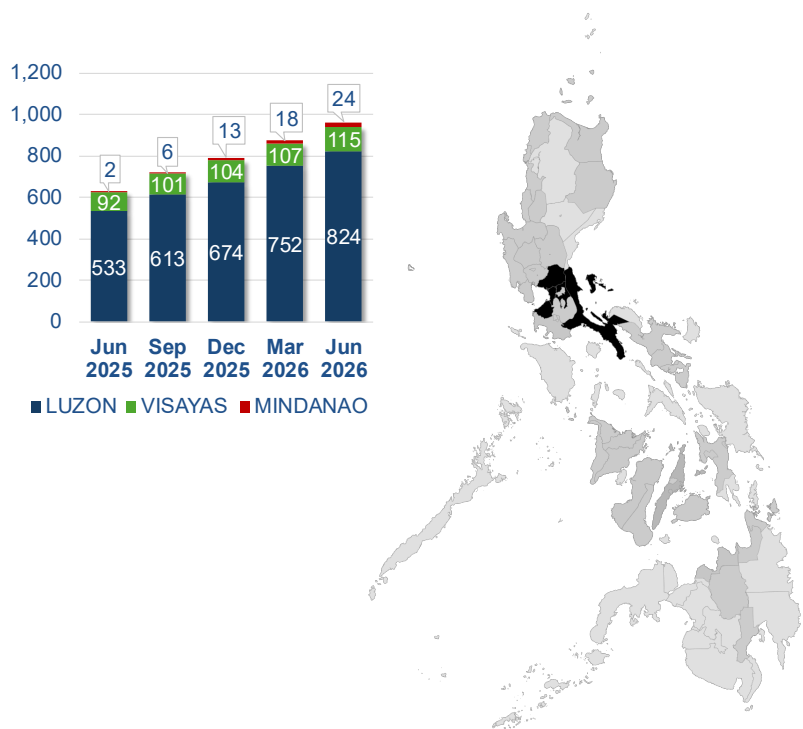


Figure 25. Cumulative Number of GEOP End-users Per Region, Q2 2025 to Q2 2026

Note: Retail market is fully operational in the three major grids (Luzon, Visayas, and Mindanao) where WESM is operating¹⁹.

Overall, GEOP participation continued to increase across all regions during second quarter of 2026, with Luzon remaining the primary contributor while the Visayas and Mindanao also posted

¹⁹ Department of Energy (DOE) Department Circular No. DC2024-03-0009 and Energy Regulatory Commission (ERC) Resolution No. 06, Series of 2024

continued growth. The sustained increase in renewable energy end-users indicates growing market acceptance of green energy procurement and broader engagement with customer choice programs.

2.1.1.4 Per Retail Activity

The cumulative number of GEUs by retail activity—commercial and industrial—from the first quarter of 2025 to the first quarter of 2026 is shown in Figure 26, illustrating how participation has evolved across these two major customer segments. The horizontal bar format highlights both the total number of participants in each category and the growth in participation over time.

The commercial sector continued to account for the majority of GEOP participants, with 772 end-users or approximately 80.2% of the total GEOP population as of June 2026. Commercial GEOP end-users increased from 706 in first quarter of 2026 to 772 in second quarter of 2026, representing a net increase of 66 participants or 9.3% during the quarter. On a year-on-year basis, commercial participation increased substantially from 515 end-users in second quarter of 2025, equivalent to an increase of 257 participants or 49.9%. The continued growth in commercial enrollment suggests that offices, retail establishments, educational institutions, healthcare facilities, and other service-oriented businesses are increasingly considering renewable energy procurement. This is also consistent with the earlier finding that most GEOP participants fall within the 100 kW to 499 kW threshold, a segment that includes many low to medium-sized commercial establishments that can benefit from GEOP's lower eligibility threshold compared with captive market.

Industrial participation also continued to grow during the review period, although from a smaller base. The number of industrial GEOP end-users increased from 171 in first quarter of 2026 to 191 in second quarter of 2026, representing a quarter-on-quarter growth rate of 11.7%. Compared with 112 industrial end-users in second quarter of 2025, participation increased by 79 customers or 70.5% year-on-year, exceeding the growth rate recorded by the commercial sector. While industrial customers accounted for only 19.8% of total GEOP participants as of June 2026, their stronger year-on-year growth points to increasing interest in renewable energy procurement among manufacturing, processing, and other industrial businesses.

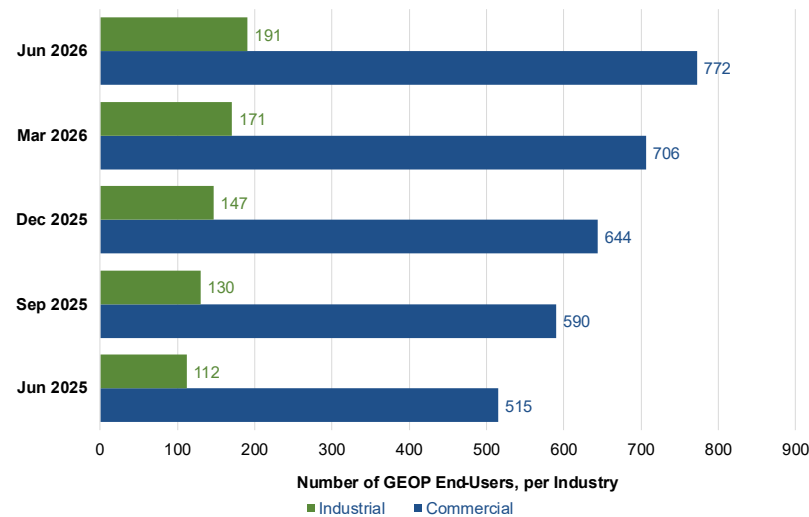


Figure 26. Cumulative Number GEOP End-users Per Retail Activity for Q2 2025 to Q2 2026

The sectoral composition of GEOP participation is consistent with the broader retail market developments discussed earlier in this report. Unlike CREM, which has traditionally focused on larger contestable customers participating in retail competition, GEOP provides eligible end-users with the option to source electricity from renewable energy suppliers under a lower eligibility threshold. This allows GEOP to reach a broader group of consumers, particularly low to medium-sized commercial establishments that may consider renewable energy sourcing as part of their sustainability initiatives. The continued growth in both commercial and industrial participation suggests that renewable energy procurement is becoming an increasingly relevant component of customer choice in the retail electricity market.

2.1.1.5 Suppliers

Within the GEOP framework, authorized RESs are allowed to supply energy, contingent with the possession of an operational permit from the Department of Energy (DOE) and proper authorization or licensing from the ERC, which will then allow them to become an Renewable Energy (RE) Supplier.

Table 2 presents the cumulative number of suppliers participating in the GEOP as of the end of the second quarter of 2026, categorized into RE Suppliers, LRES, and SOLRs. The table provides an overview of supplier readiness and actual market participation by distinguishing between entities that are licensed or authorized, those that are registered, and those actively serving GEUs.

As of June 2026, there were 30 LRES authorized to participate in GEOP, however, only one LRES was registered and actively serving GEOP end-users during the period. Meanwhile, 22 RE Suppliers were licensed or authorized to participate in the program, of which 21 were registered and 12 were actively serving GEUs. There were also 49 SOLR, with 15 registered, although none were actively serving GEOP customers.

Table 2. Cumulative Number of Supplier under GEOP as of the end of Q2 2026

	Licensed/Authorized ²⁰	Registered	Serving GEUs
RE Supplier	22	21	12
LRES	30	1	1
SOLR	49	15	-

The presence of 30 authorized LRES and 22 authorized RE Suppliers creates potential for greater competition as demand for renewable energy supply increases. As more customers participate in GEOP, suppliers may compete through differentiated renewable energy products, pricing arrangements, sustainability-related services, and more flexible contractual offerings.

The absence of SOLR activity under GEOP is also noteworthy. The fact that none of the registered

²⁰ Based on ERC Statistical Report of the Customer Choice Programs in the Retail Market for April 2026

SOLRs were actively serving GEOP customers during the period may indicate that existing participants have generally been able to secure supply from their chosen renewable energy suppliers. It also suggests that there was no observed need for SOLR arrangements to serve GEOP customers during the review period.

Generally, the table shows that GEOP is supported by a core group of active RE suppliers, ensuring market stability, while also indicating significant potential for broader supplier engagement as the program continues to evolve.

2.2 MARKET SHARE

2.2.1 Supplier Share

2.2.1.1 Share in terms of Number of GEOP End-users and Consumption

The distribution of GEUs and their corresponding electricity consumption across major MPGs shows that the renewable energy retail market remains concentrated among a few dominant participants, although there are signs of gradual diversification. As shown in Figure 27, the Ayala Group continued to account for the largest share of cumulative GEUs, representing 60% of total GEUs as of second quarter of 2026, down from 64% in first quarter of 2026 and 67% in second quarter of 2025. While Ayala maintained its dominant position, the decline in its share suggests that other participants are gradually expanding their customer bases and capturing a larger portion of the growing GEOP market. The First Gen Group recorded the most notable increase, with its share rising from 17% in second quarter of 2025 to 25% in second quarter of 2026. The “Others” group also maintained a relatively stable share of around 11% to 12% throughout the review period, reaching 12% in second quarter of 2026, reflecting the continued presence of independent and smaller renewable energy suppliers. Meanwhile, the Aboitiz Group and MERALCO Group continued to account for relatively small shares of approximately 2% and 1% to 2%, respectively.

A similar pattern can be observed when market shares are measured based on GEOP electricity consumption. As of second quarter of 2026, the Ayala Group accounted for 60% of total GEOP energy consumption, down from 62% in first quarter of 2026 and 65% in third quarter of 2025. Despite the decline, Ayala remained the largest participant in terms of energy served. The First Gen Group strengthened its position as the second-largest participant, with its share of GEOP consumption increasing from 18% in second quarter of 2025 to 23% in second quarter of 2026, consistent with the growth in its share of GEOP end-users. The “Others” group accounted for 14% of total GEOP consumption during the quarter, while the Aboitiz Group and MERALCO Group each maintained a share of approximately 2%. The relatively close relationship between customer shares and consumption shares suggests that market concentration is influenced not only by the number of customers served but also by the electricity demand associated with those customers.

The quarter-on-quarter movements in Figure 27 further show that the continued expansion of GEOP participation is being shared among several suppliers rather than being captured solely by the dominant participant. Between the first and second quarter of 2026, Ayala Group's share of cumulative GEUs declined by 4%, while First Gen's share increased by 3%. A similar movement was observed in GEOP consumption, with First Gen's share increasing from 21% in first quarter of

2026 to 23% in second quarter of 2026, while Ayala Group's share declined from 62% to 60%. These changes indicate a gradual shift in the distribution of customers and energy consumption among suppliers as the GEOP market continues to expand.

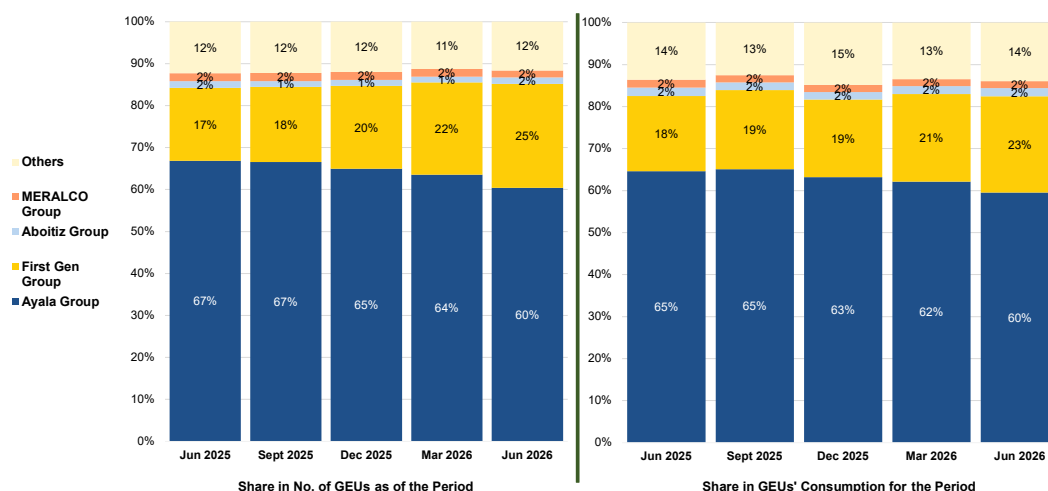


Figure 27. Share in the Cumulative Number of GEUs per MPG as of the end of Q2 2025 to Q2 2026, and the Share in GEUs' Consumption per MPG for Q2 2025 to Q2 2026

The trends in Figure 27 are consistent with the broader developments discussed in the preceding sections, particularly the expansion of GEOP participation across customer thresholds, regions, and industry sectors. While Figures 23 to 26 showed that the number of GEUs increased significantly from 627 in second quarter of 2025 to 963 in second quarter of 2026, Figure 27 provides a clearer view of how this growth has been distributed among MPGs. The increasing share of First Gen and the continued presence of suppliers under the “Others” group suggest that market growth is gradually being spread across a wider group of participants rather than being concentrated entirely in the dominant participant group.

2.2.1.2 Consumption Per Franchise Area Location

To illustrate energy consumption across franchise areas, Figures 28(a) and 28(b) show the distribution of average GEU energy consumption from two complementary perspectives: by distribution utility (DU) franchise area, and by supplier group within the MERALCO franchise area for the first quarter of 2026. Taken together, these figures provide a clearer view of both the geographic concentration of renewable energy demand and the supplier dynamics within the most significant load center in the retail electricity market.

Figure 28(a) shows that MERALCO franchise area accounted for 74.9% of total average GEOP energy consumption during the quarter, substantially higher than the shares of Other DUs (16.7%) and VECO (8.4%). The dominance of the MERALCO franchise area is consistent with broader retail market trends, where Luzon continues to account for the majority of GEUs and electricity demand. The concentration of GEOP consumption in the MERALCO franchise area reflects the large number of commercial establishments, corporate facilities, industrial operations, and other electricity-intensive customers in the area that have opted to source electricity from renewable energy

suppliers. This is also consistent with the regional distribution presented in Figure 25, where Luzon accounted for approximately 86% of total GEOP participants as of second quarter of 2026.

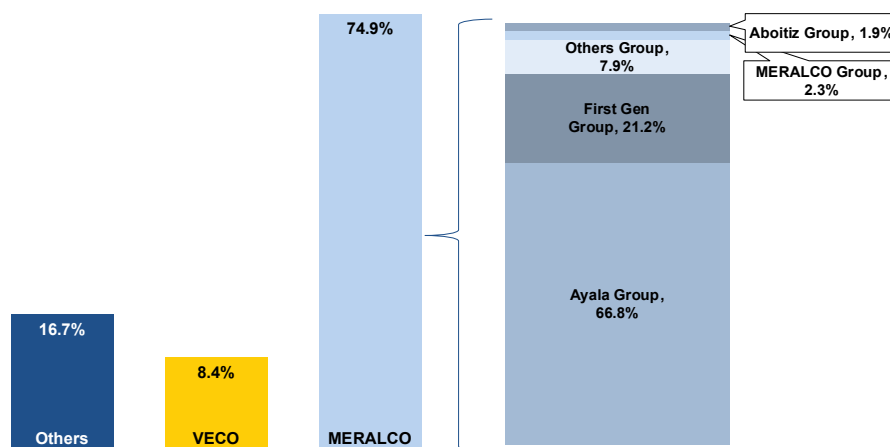


Figure 28 (a)

Figure 28 (b)

Figure 28 (a) Share in Average GEU's Energy Consumption by Franchise Area for the Q2 2026; (b) Share in Average GEU's Energy Consumption by Supplier within MERALCO Franchise Area for the Q2 2026

Within the MERALCO franchise area, Figure 28(b) shows that GEOP consumption remained concentrated among a few major supplier groups. The Ayala Group accounted for 66.8% of total GEOP consumption, followed by the First Gen Group at 21.2%. The remaining share was distributed among Other Suppliers (7.9%), the MERALCO Group (2.3%), and the Aboitiz Group (1.9%). Although Ayala maintained a clear lead, the presence of several other suppliers indicates that renewable energy procurement within the MERALCO franchise area is not limited to a single provider. The Ayala and First Gen Group accounted for approximately 88% of total GEOP consumption within the MERALCO franchise area, highlighting their continued prominence in the renewable energy retail segment.

2.2.2 Market Concentration

2.2.2.1 Herfindahl–Hirschman Index (HHI)

This section discusses the market concentration in GEOP, using the major participant grouping determined by the ERC. GEOP is currently considered a highly concentrated market. The calculation of HHI²¹ was based on the number of GEUs and the corresponding energy consumption as shown in Figure 29. For each approach, values are shown at two levels—by MPG and by

²¹ HHI measures the degree of market concentration. Defined as the sum of the Suppliers' market share, the HHI thresholds are as follows:

HHI < 1,000 - not concentrated

Greater than 1,000 up to 1,800 - concentrated

Greater than 1800 - highly concentrated

individual supplier.

In Figure 29, the HHI based on the number of GEUs continued to decline during the review period. At the MPG level, the HHI decreased from 4,572 in first quarter of 2026 to 4,315 in second quarter of 2026, representing a quarter-on-quarter reduction of 5.6% and a year-on-year decline of 11.1% from 4,851 in second quarter of 2025. Similarly, the HHI based on GEUs per supplier declined from 3,387 in first quarter of 2026 to 3,200 in second quarter of 2026, reflecting a 5.5% quarter-on-quarter decrease and a 10.4% reduction from 3,570 in second quarter of 2025. Although these values remain well above the 1,800 threshold for highly concentrated markets, the continued decline indicates that GEOP participation is gradually becoming more distributed among suppliers.

A similar pattern can be observed when market concentration is measured based on GEOP electricity consumption. The HHI at the MPG level declined from 4,355 in first quarter of 2026 to 4,131 in second quarter of 2026, representing a quarter-on-quarter decrease of 5.1% and a year-on-year reduction of 9.9% from 4,585 in second quarter of 2025. Meanwhile, the supplier-level HHI decreased from 3,185 in first quarter of 2026 to 3,032 in second quarter of 2026, equivalent to a quarter-on-quarter decline of 4.8% and a year-on-year decrease of 12.0% from 3,446 in second quarter of 2025. These results indicate that both customer participation and electricity consumption are gradually becoming more diversified, although GEOP activity remains highly concentrated among a relatively small number of major renewable energy suppliers.

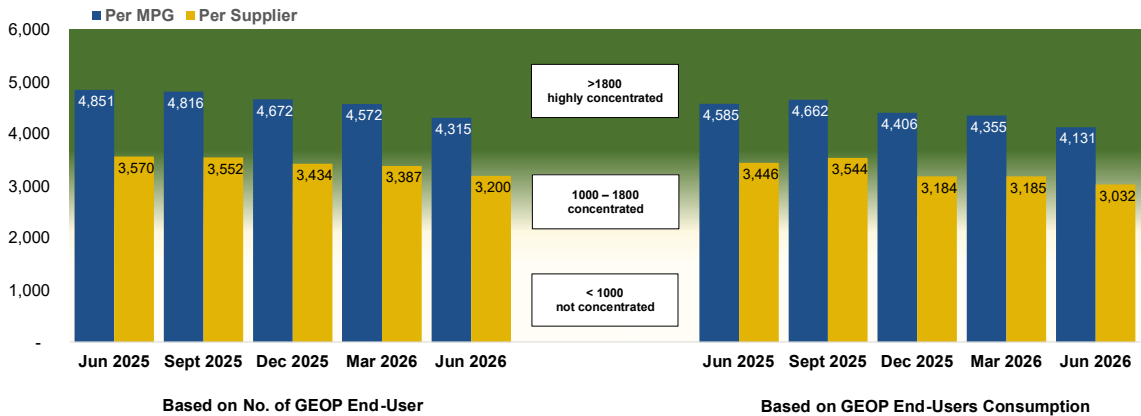


Figure 29. HHI Values as of End of Each Period for Q2 2025 to Q2 2026

The concentration trends in Figure 29 are consistent with the market share developments discussed in Figure 27. While the Ayala Group continued to account for the largest share of GEOP end-users and electricity consumption, its market share declined over the review period as the First Gen Group and other suppliers expanded their presence. The corresponding decline in HHI values suggests that the growth in GEOP participation is increasingly being shared among multiple supplier groups rather than being captured primarily by the dominant participant.

2.2.2.2 Four-Firm Concentration Index (C4)²²

²² C4 measures the percentage of market share of the four largest firms in the market. Concentration levels are as follows: High: 80% to 100%; Medium: 50% to 80%; and Low: 0% to 50%.

Figure 30 presents the C4 index for GEOP from the second quarter of 2025 to the second quarter of 2026. The index is shown at two levels: by MPG and by individual supplier. The C4 measures the combined market share of the four largest participants, where higher values indicate greater concentration. For reference, values between 80–100% indicate high concentration, 50–80% medium concentration, and below 50% low concentration.

During the review period, the C4 based on the number of GEUs per MPG declined from 95% in first quarter of 2026 to 94% in second quarter of 2026, continuing the downward trend from 96% in second quarter of 2025. Similarly, the C4 based on the number of GEUs per supplier remained at 85% in second quarter of 2026, slightly below the 86% recorded in second quarter of 2025 and lower than most of the levels observed during the review period. Both indicators remain within the highly concentrated range, reflecting the continued dominance of a limited number of suppliers in terms of customer acquisition.

A similar pattern can be observed when concentration is measured based on GEOP electricity consumption. The C4 for consumption per MPG declined from 92% in first quarter of 2026 to 91% in second quarter of 2026, the lowest level recorded during the review period and a decrease from 95% in second quarter of 2025. Meanwhile, the C4 based on GEOP consumption per supplier declined from 83% in first quarter of 2026 to 82% in second quarter of 2026, compared with 83% in second quarter of 2025. These figures show that although renewable energy consumption remains concentrated among a small group of suppliers, the market is gradually becoming less dependent on the largest participants.

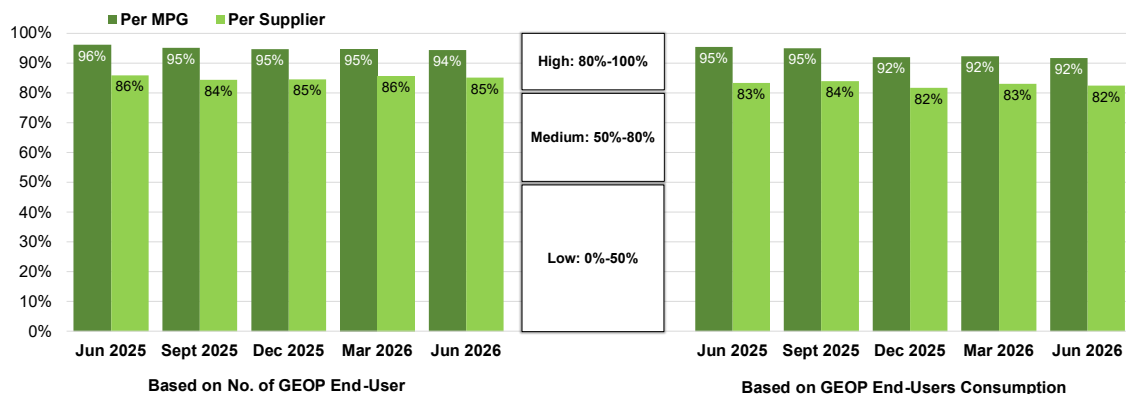


Figure 30. Four-Firm Index as of End of Each Period for Q2 2025 to Q2 2026

The results are consistent with the developments discussed in Figure 27, where the share of GEOP end-users and electricity consumption attributed to the Ayala Group gradually declined, while other suppliers, particularly the First Gen Group and participants under the “Others” group, increased their market presence. The decline in C4 values shows that this shift is also becoming more evident at the overall market level, although the largest suppliers continue to account for the majority of GEOP customers and renewable energy demand.

When considered alongside the HHI results presented in Figure 29, the C4 analysis reinforces the assessment that GEOP remains highly concentrated but is gradually becoming more diversified.

Both indicators show a consistent downward trend over the review period, reflecting a gradual broadening of the supplier landscape.

2.3 MARKET PERFORMANCE

2.3.1 Energy Consumption

2.3.1.1 Energy Consumption

The growth in GEOP electricity consumption during second quarter of 2026 reflects the continued expansion of renewable energy procurement among participating end-users, with both commercial and industrial customers reaching their highest consumption levels during the review period. As shown in Figure 31, total GEOP energy consumption reached 124 GWh in second quarter of 2026, consisting of 98 GWh from commercial customers and 26 GWh from industrial customers. This represents a substantial increase from the 97 GWh recorded in first quarter of 2026, equivalent to a quarter-on-quarter growth of 27.8%. On a year-on-year basis, total GEOP consumption increased by 37 GWh or 42.5% from 87 GWh in second quarter of 2025, demonstrating the continued growth in renewable energy use among eligible electricity consumers. The increase in consumption indicates that GEOP participation is growing not only in terms of the number of customers but also in the volume of renewable energy being procured, highlighting the increasing role of renewable energy in the retail electricity market.

The commercial sector remained the primary driver of GEOP demand, accounting for approximately 79.0% of total GEOP consumption during second quarter of 2026. Commercial energy consumption increased from 77 GWh in first quarter of 2026 to 98 GWh in second quarter of 2026, representing a quarter-on-quarter increase of 27.3% and a year-on-year increase of 36.1% from 72 GWh in second quarter of 2025. This growth is consistent with the findings in Figures 25 and 26, which showed that commercial establishments account for the majority of GEOP end-users.

Industrial GEOP consumption also recorded strong growth during the review period. Consumption increased from 20 GWh in first quarter of 2026 to 26 GWh in second quarter of 2026, equivalent to a quarter-on-quarter increase of 30.0%. Compared with 15 GWh in second quarter of 2025, industrial renewable energy consumption increased by 73.3% year-on-year, significantly exceeding the growth recorded by the commercial sector. Although industrial customers accounted for 21.0% of total GEOP consumption in second quarter of 2026, their faster growth suggests increasing interest in renewable energy procurement among energy-intensive industries.

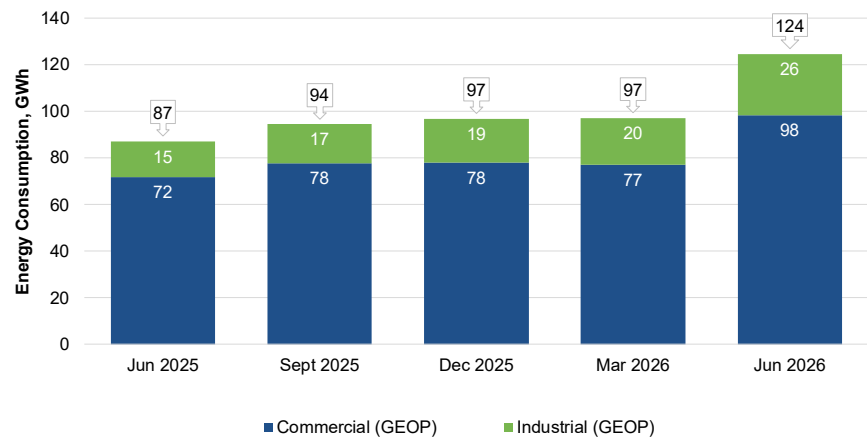


Figure 31. Total Energy Consumption Industry Type (in GWh) as of the End of Each Period for Q2 2025 to Q2 2026

The consumption trends in Figure 31 complement the participation trends discussed in Figures 23 to 26. While the number of GEOP end-users increased from 877 in first quarter of 2026 to 963 in second quarter of 2026, total renewable energy consumption grew at a faster rate. This indicates that the increase in demand is being driven not only by new participants but also by higher electricity consumption among existing GEOP customers. The stronger growth in industrial consumption is also consistent with Figure 26, where industrial GEOP participation recorded a higher year-on-year growth rate than the commercial sector. Taken together, these developments suggest that GEOP is progressing beyond simply expanding its customer base and is increasingly translating participation into actual renewable energy demand.

2.3.2 Load Profile

2.3.2.1 Hourly Energy Consumption Profile

Figures 32 and 33 present the hourly average energy consumption profiles of GEUs, broken down into industrial and commercial sectors, covering the period from October 2025 to March 2026. These profiles show how electricity usage varies over a typical 24-hour cycle for each sector.

The hourly average energy consumption profile of industrial customers participating in the GEOP continued to increase during second quarter of 2026. As shown in Figure 32, industrial GEOP demand increased across most trading hours from January to June 2026, with the highest hourly consumption levels recorded during second quarter of 2026. Average hourly demand in June 2026 generally ranged from approximately 31 MWh to 38 MWh, compared with around 23 MWh to 32 MWh in January 2026, indicating a substantial increase in renewable energy consumption over the six-month period. This increase is consistent with the growth in industrial GEOP energy consumption discussed in Figure 31, where industrial renewable energy demand increased from 20 GWh in first quarter of 2026 to 26 GWh in second quarter of 2026, representing a quarter-on-quarter increase of 30.0%.

The load profile reflects the typical characteristics of industrial operations, with demand remaining

relatively stable throughout the day compared with commercial customers, whose consumption is more closely tied to business operating hours. Consumption generally increased during the morning and reached its highest levels between 1500h and 1800h, when average hourly demand in June 2026 approached 38 MWh. Unlike commercial demand profiles, which tend to show more pronounced daytime peaks, industrial GEOP customers maintained relatively high consumption levels throughout the 24-hour period. This pattern may reflect continuous manufacturing, processing, production, and other energy-intensive activities, including facilities operating multiple shifts.

Quarter-on-quarter comparisons show that second quarter of 2026 generally recorded higher consumption levels than first quarter of 2026 across the trading intervals. From April to June 2026, hourly demand continued to increase, with June recording the highest consumption profile during the review period. The sustained increase across the different trading hours suggests that the growth in renewable energy consumption is not limited to specific operating periods but reflects broader increases in industrial electricity use and renewable energy procurement.

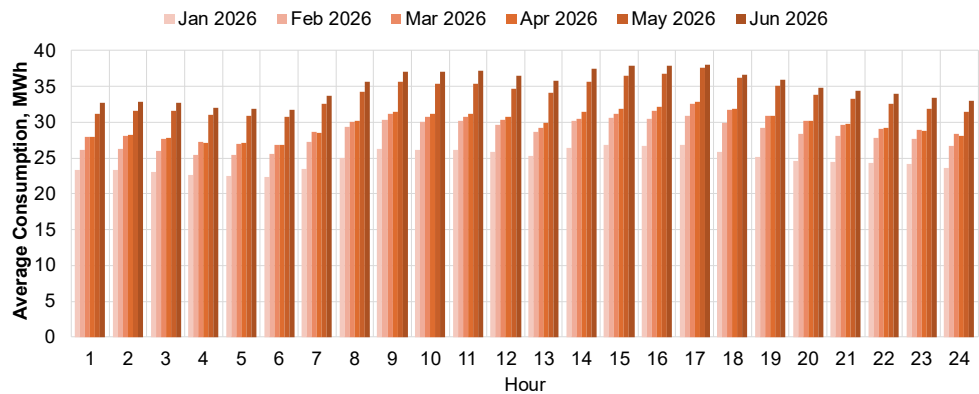


Figure 32. GEOP Hourly Average Energy Consumption (in MWh), Industrial, January 2026 to June 2026

On the other hand, Figure 33 illustrates that commercial GEOP demand exhibited a pronounced daytime load pattern, with consumption gradually increasing during the morning, peaking during regular business hours, and tapering off in the evening. This pattern is characteristic of commercial establishments such as office buildings, retail centers, educational institutions, hospitals, hotels, and other service-oriented enterprises, whose electricity requirements are closely linked to their operating hours. During second quarter of 2026, average hourly consumption was consistently higher than the levels recorded in first quarter of 2026 across the trading intervals, indicating continued growth in renewable energy utilization among participating commercial customers.

Commercial GEOP consumption reached its highest levels in June 2026, with average hourly demand generally ranging from approximately 100 MWh to 163 MWh, compared with around 83 MWh to 145 MWh in January 2026. Demand began to increase during the early morning hours, rising more noticeably from around 0700h and reaching its highest levels between 1100h and 1700h. During this period, consumption consistently exceeded 155 MWh, reaching a peak of approximately 163 MWh in June 2026. Compared with first quarter of 2026, the June profile shows

a noticeable increase in demand across the trading hours, reflecting the combined effect of higher electricity consumption among existing participants and the addition of new GEOP customers.

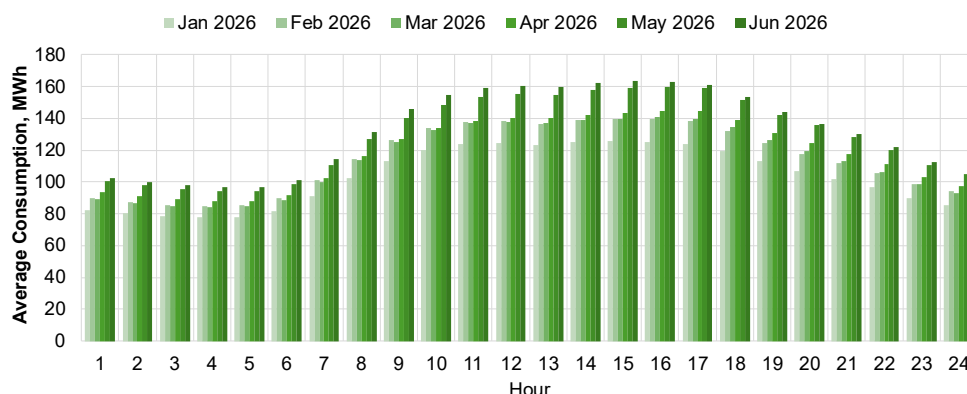


Figure 33. GEOP Hourly Average Energy Consumption (in MWh), Commercial, January 2026 to June 2026

Overall, the hourly consumption profile of commercial GEOP customers during second quarter of 2026 reflects continued growth in renewable energy utilization, with demand increasing across the trading intervals and reaching the highest levels recorded during the review period. The significant increase in daytime demand, together with the continued growth in commercial GEOP participation, highlights the growing role of renewable energy procurement among commercial consumers.

2.3.2.2 Market Transactions

This section provides a detailed look at the share of energy supplied within GEOP. As shown in Figure 34, a small portion of the energy delivered under the program is sourced from the spot market. This indicates that the energy mix provided to end-users under GEOP may not be entirely composed of renewable sources at all times.

The transaction profile of the GEOP during the first half of 2026 shows that renewable energy suppliers primarily rely on bilateral contracts while maintaining relatively low exposure to the WESM. In Figure 34, BCQ remained the main source of energy procurement for GEOP participants throughout the review period, accounting for the majority of total transactions. BCQ increased from 104,454.48 MWh in April 2026 to 120,050.73 MWh in June 2026, representing an increase of 15.0% over the course of second quarter of 2026 and a 29.6% increase compared with 92,667.96 MWh in January 2026.

Spot market purchases remained relatively small, although procurement activity varied during the quarter. Spot transactions increased from 2,426.18 MWh in March 2026 to 5,655.84 MWh in April 2026, rose slightly to 5,958.84 MWh in May 2026, and then declined to 4,357.14 MWh in June 2026. The higher level of spot purchases in April and May coincided with the continued increase in GEOP electricity consumption and may reflect suppliers supplementing contracted renewable energy supply to accommodate changes in customer demand or generation availability. Despite these increases, bilateral contracts continued to account for more than 94% of total GEOP energy procurement, highlighting their central role in providing renewable energy supply to GEOP.

customers.

The spot exposure declined from 3.04% in January 2026 to 2.50% in March 2026, before increasing to 5.14% in April 2026 and remaining at 5.08% in May 2026. By June 2026, spot exposure had moderated to 3.50%, returning closer to the levels observed earlier in the year. On average, spot exposure increased from approximately 2.77% in first quarter of 2026 to 4.57% in second quarter of 2026.

In GEOP, the RE Suppliers are expected to source their energy from pure renewable energy²³. Moreover, under the Revised GEOP Rules²⁴, to ensure that the end-users are supplied with 24/7 sufficient and reliable electricity, the RE Suppliers shall secure adequate supply and ensure the availability of replacement power.

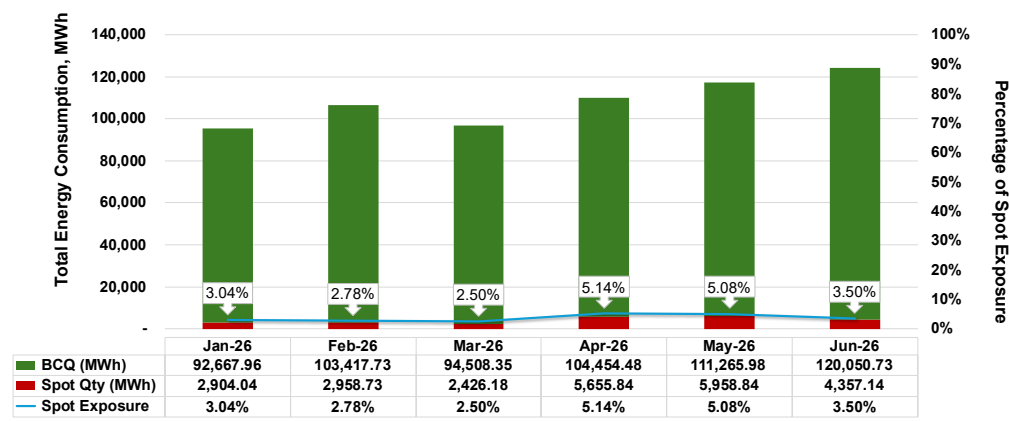


Figure 34. GEOP Market Transaction, Q1 2026 to Q2 2026

2.4 RETAIL ACTIVITY

2.4.1 Customer Switching Rate

Monthly switching activity and customer switching rates from January to December of 2025 and second quarter of 2026 show a clear drop in customer movement in 2026 as shown in Figure 35. It compares actual switches recorded in 2025 up to the second quarter of 2026, projected switches for 2026, and the corresponding switching rate expressed as a percentage. Together, these indicators provide a clear picture of how often GEOP end-users changed suppliers and how actual switching behavior compared with projected opportunities, typically linked to contract expirations.

Over the review period, regular switching²⁵ activity under GEOP remained consistently low, with actual switching volumes limited across most months and switching rates remaining below 1% throughout the period. This indicates that while the mechanism for switching is operational and accessible, customer movement between suppliers is relatively infrequent.

²³ ERC Resolution No. 08, Series of 2021, Section 3. (u)
²⁴ DOE Department Circular No. DC2026-01-0002, Section 17.1
²⁵ Commercial transfer of a Contestable Customer from one Supplier to another.

Projected switches²⁶, which represent the number of customers with expiring contracts during each billing period, were consistently higher than actual switches throughout most of the year.

The switching rate remained close to zero in most months and peaked only marginally in isolated instances, noting that the switches recorded in April 2026 and May 2026 were from the 100-499kW threshold.

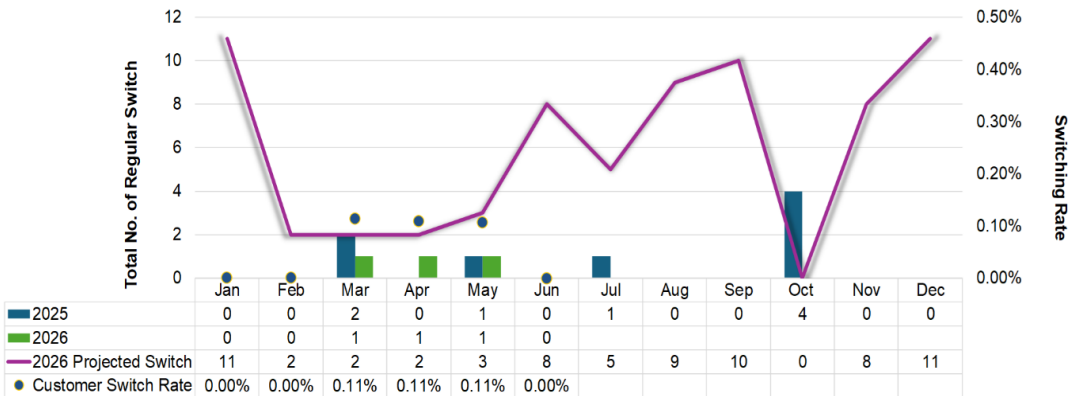


Figure 35. Switching Rate, January 2025 to June 2026

²⁶ Contestable Customers with projected contract expiration during the billing period based on the monthly IEMOP Report for RCOA and GEOP