



Market Surveillance Committee Quarterly Accomplishment Report

01 July to 30 September 2026

OCTOBER 2026

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

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Executive Summary

Pursuant to Section 1.6.2 of the WESM Rules and Section 3.1 of the Market Surveillance Manual (MSM) Issue 2.0, the Market Surveillance Committee (MSC) carried-out its mandate for the monitoring and assessment of market outcomes in the WESM and the Retail Market,¹ with PEMC-Market Assessment Group (MAG) as its primary support unit.

In performing its responsibilities, the MSC conducted monthly meetings, and frequently communicated through email and other platforms to deliberate on various matters under its jurisdiction and other market issues.

For the covered period, the MSC carried out a virtual setup via MS Teams in conducting its meetings. Accordingly, during the 3rd quarter of 2026, the MSC conducted the following meetings:

- Special Meeting No. 2026-08 held on 06 July 2026 (Online)
- Regular Meeting No. 2026-09 held on 16 July 2026 (Online)
- Regular Meeting No. 2026-10 held on 13 August 2026 (Online)
- Regular Meeting No. 2026-11 held on 15 September 2026 (Online)
- Special Meeting No. 2026-12 held on 22 September 2026 (Online)

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

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

Activities	
Discussion of periodic market reports and reports on unusual Market Outcomes	○ Market Assessment Reports (monthly, quarterly and annually) ○ Retail Market Assessment Reports (monthly and quarterly) ○ Review Reports on Market Intervention Events ○ Notable Market Outcome Reports (upon occurrence)
Coordination meetings with other Agencies & Entities	○ Meeting on the Reported Curtailment of Leyte Geothermal Power Plants ○ Meeting with Market Operator (MO) and System Operator (SO) on the MO- and SO-Initiated Market Intervention Events
Review / Submit proposed amendments to the WESM Rules / Manuals	○ Final Deliberation of Proposed Amendments to the WESM Penalty Manual ○ Initial Discussion on the Proposed Urgent Amendments on the Compliance Standard Applicable to Variable Renewable Energy (VRE) Plants Opting for Scheduled Plants Classification
Market Studies	○ Assessment on the Reported Curtailment of Geothermal Power Plant in Visayas
Other Activities	○ Review of Various Department Circulars, Relevant Issuances and Rules Change Committee (RCC) Call for Comments ○ Transmission Development Plan Consultation with SO, MO and PEMC

¹ Section 1.5.1, Retail Rules: *The provisions of Chapter 1 of the WESM Rules shall apply with respect to the governance of the integration of retail competition in the WESM, the operations of the Central Registration Body, and the participation and transactions in the WESM of Suppliers and Contestable Customers.*

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1.0 Activities on Market Monitoring and Assessment

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

1.1.1 Monitoring and Assessment of Market Outcomes in the WESM

1.1.1.1 Market Assessment Reports (MAR)

Pursuant to its mandate under Section 3.1 (b)² of the MSM, the MSC continued with its monitoring and assessment of market outcomes in the WESM.

The Market Assessment Report (MAR) is prepared for the purpose of monitoring and assessing the efficiency and competitiveness of the WESM under different timescales and market conditions. The periodic reports include an assessment of market behavior, through the analysis of market monitoring indices, as contained in the Catalogue of Market Monitoring Data and Indices (CMMDI) and are based on monitoring data regularly collected and validated primarily from the Market Operator (MO) and the System Operator (SO).

As part of its continuing oversight and monitoring functions, the MSC reviewed and discussed the Monthly Market Statistics³ for May to July 2026 billing periods. Within the period covered by this report, the Committee discussed the Quarterly Market Assessment Report (QMAR) for the 2nd quarter of 2026 and the Annual Market Assessment Report (AMAR) for 2025, both of which were submitted to the PEM Board. The corresponding reports have been published and made accessible through PEMC website⁴, providing information and awareness to the stakeholders.

Subsequently, the corresponding MARs were submitted to the Department of Energy (DOE) and Energy Regulatory Commission (ERC).

1.1.2 Notable Market Outcomes from June to August 2026

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

Billing Period	Highlights
June 2026	Price spikes were observed on 28 out of 31 days, covering 896 intervals (406 off-peak and 490 peak), with Wednesday recording most occurrences and the 1400h trading hour exhibiting the highest frequency.
July 2026	Price spikes were present in all 30 days within the period, covering 989 intervals (60 off-peak and 929 peak), with Monday recording most occurrences and the 1900h trading hour exhibiting the highest frequency.
August 2026	Price spikes were observed 28 out of 31 days within the period, covering 1,158 intervals (546 off-peak and 612 peak), with Sunday recording most occurrences and the 1600h trading hour exhibiting the highest frequency.

² MSM Section 3.1(b): *The MSC shall have following responsibilities: (a) xxx; (b) prepare and submit monthly monitoring reports, quarterly retail market monitoring reports, annual reports; xxx*

³ Also known as the Monthly Market Assessment Report

⁴ <https://www.wesm.ph/market-outcomes/market-assessment-reports>

1.1.3 Review of Market Interventions Events

For this quarter, the MSC conducted a comprehensive review and discussion of MAD's initial assessment on the Market Intervention (MI) events that occurred from May to September 2026. In carrying out its review, the Committee carefully considered the available information provided on the submitted reports and supporting documents by either the SO or the MO.

The following details and review reports of MI Events were completed and submitted during the period:

- **MI No. 2026-05: MLD caused by Multiple Issues in the Cebu Negros Panay (CNP) Sub-grid in May to June 2026**
 - Due to Overloading of Daanbantayan-Tabango 230kV L2 / Low Voltage at Panay Grid

Date	Intervals	Declared by	Region Affected	Classification
19 May 2026	1345h – 1400h 4 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security
21 May 2026	1655h – 2045h 47 intervals			
26 May 2026	1325h – 1450h 18 intervals			
28 May 2026	1435h – 1950h 64 intervals			
29 May 2026	1905h – 2105h 25 intervals			
01 June 2026	1830h – 2000h 19 intervals			
02 June 2026	1545h – 1925h 45 intervals			
03 June 2026	1440h – 1830h 47 intervals			
08 June 2026	1400h – 1715h 40 intervals			
09 June 2026	1440h – 2105h 78 intervals			

- Due to Limited Generation in the CNP Sub-grid

Date	Intervals	Declared by	Region Affected	Classification
10 June 2026	1325h – 1925h 73 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security
15 June 2026	1435h – 1545h 15 intervals			
16 June 2026	1745h – 2120h 44 intervals			
17 June 2026	1730h – 2105h 44 intervals			
18 June 2026	1500h – 2155h 84 intervals			
19 June 2026	1340h – 1400h 5 intervals			
	1625h – 2015h 47 intervals			
20 June 2026	1835h – 2030h 24 intervals			
22 June 2026	1825h -1905h 9 intervals			
25 June 2026	1850h – 1915h 5 intervals			

- **MI No. 2026-04: Generation Deficiency in Luzon on 13–15 May 2026**

Date	Intervals	Declared by	Region Affected	Classification
13 – 14 May 2026	1450h – 0045h 120 intervals	SO	Luzon	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security
13 May 2026	1550h – 2145h 72 intervals		Visayas	
14 May 2026	1525h – 2355h 103 intervals		Luzon	
14 May 2026	1515h – 2155h 81 intervals		Visayas	
15 May 2026	1455h – 2255h 97 intervals		Luzon	

Date	Intervals	Declared by	Region Affected	Classification
15 May 2026	1635h – 2140h 62 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security

- MI No. 2026-06: Market System-Related Intervention on 09 June 2026**

Date	Intervals	Declared by	Region Affected	Classification
09 June 2026	2225h 1 interval	MO	Luzon, Visayas, Mindanao	Market System-related Intervention

- MI No. 2026-09: Limited Generation in the CNP Sub-Grid in August 2026**

Date	Intervals	Declared by	Region Affected	Classification
04 August 2026	1825h – 1950h 17 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security
05 August 2026	1600h – 2105h 61 intervals			
06 August 2026	1825h – 2035h 27 intervals			
07 August 2026	1345h – 2040h 84 intervals			
08 August 2026	1810h – 2110h 37 intervals			
10 August 2026	1320h – 2110h 95 intervals			
11 August 2026	1335h – 2100h 90 intervals			
12 August 2026	1415h – 2155h 93 intervals			
13 August 2026	1350h – 2140h 95 intervals			

Date	Intervals	Declared by	Region Affected	Classification
14 August 2026	1815h – 2015h 25 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security
15 August 2026	1810h – 2050h 33 intervals			
17 August 2026	1325h – 2050h 90 intervals			
24 August 2026	1420h – 2105h 82 intervals			
25 August 2026	1435h – 2010h 68 intervals			
26 August 2026	1310h – 1930h 77 intervals			
27 August 2026	1330h – 2010h 81 intervals			
28 August 2026	1815h – 1925h 15 intervals			
29 August 2026	1735h – 2210h 56 intervals			
30 August 2026	1750h – 2130h 45 intervals			
31 August 2026	1730h – 2240h 63 intervals			

Meanwhile, the submission of the following MI review reports remains pending, subject to the provision of additional information from the relevant entities required to support the comprehensive assessment of the events:

- MI No. 2026-07: MLD – Transmission Line Tripping on 08 July 2026**

Date	Intervals	Declared by	Region Affected	Classification
08 July 2026	1450h – 0045h 120 intervals	SO	Luzon	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security

- **MI No. 2026-08: MLD – Multiple Transmission Line and Substation Tripping on 05 August 2026**

Date	Intervals	Declared by	Region Affected	Classification
05 August 2026	1545h – 2005h 53 intervals	SO	Visayas	Implementation of Demand Control (Manual Load Dropping) due to Emergency / Threat to System Security

A series of clarification and coordination meetings were conducted in relation to the abovementioned MI events to obtain additional information, validate submitted data, clarify relevant issues to the incident, and address inquiries raised by the Committee during the course of its evaluation on the report.

The MSC completed comprehensive assessment based on the submitted reports and available information gathered during the coordination meeting/s were subsequently submitted to the PEM Board and then formally transmitted to the DOE and ERC.

1.2 Assessment of Retail Market – Competitive Retail Electricity Market (CREM), Green Energy Option Program (GEOP) and Retail Aggregation Program (RAP)

Pursuant to the Catalogue of Retail Market Monitoring Data and Indices (CRMMDI) Section 3.1.2, the MSC regularly monitored and assessed the performance of the Retail Market through the conduct of periodic review of the Retail Market Assessment Report. The assessment report covers CREM, GEOP and RAP, providing the result of monitoring indices and market indicators which serve as a basis for determining the overall performance and efficiency of the Retail Market.

During the covered period, MSC reviewed the Monthly Retail Market Statistics covering 26 May 2026 to 25 July 2026 billing periods. The Committee likewise deliberated on the Quarterly Retail Market Assessment Report (QRMAR) for the 2nd quarter of 2026, consolidating the retail market developments and performance during the quarter. Upon approval of the Committee, the corresponding reports were endorsed for submission to the PEM Board, subsequently transmitted to the DOE and ERC and made publicly available through publication on the PEMC website.

2.0 Coordination Meetings with Various Entities

2.1 Discussion on the Reported Curtailment of Leyte Geothermal Power Plants

As part of its assessment of the reported curtailment incidents affecting geothermal power plants in Leyte, the MSC participated in and conducted a series of coordination meetings and technical discussions with relevant stakeholders in July 2026. These engagements provided an opportunity to discuss preliminary observations, clarify operational and technical matters, and gather information relevant to the assessment.

The Committee also took part in the Technical Working Group (TWG) formed pursuant to the Department of Energy's directive to evaluate the reported curtailment and identify measures to address the concern.

2.2 Discussion on the MO- and SO-Initiated Market Intervention (MI) Events

2.2.1 MSC-MO Coordination Meeting on the MO-Initiated MI

The MSC conducted coordination meetings with the MO to discuss the assessment of the MO-initiated MI on 09 June 2026. The inputs and outcomes of these meetings, together with subsequent discussions, were duly considered in the Committee's final report submitted to and presented before the PEM Board.

2.2.2 MSC Coordination Meeting on the SO-Initiated MI

The MSC conducted coordination meetings with the SO and concerned market participants to seek clarification on the information provided in the SO's MI Report and Significant Incident Report (SIR), as well as additional information submitted by concerned parties regarding the SO-initiated MI events on 08 July 2026. The Committee also engaged the SO in further discussions to obtain additional details regarding the circumstances surrounding the incident on 05 August 2026. The inputs and information obtained during these engagements were duly considered as part of the MSC's assessment of the incidents.

3.0 Proposed Amendments to WESM Rules and Market Manuals

3.1 Final Deliberation of the Proposed Amendments to the WESM Penalty Manual

Following its further deliberation, the proposed amendments to the WESM Penalty Manual pertaining to the flowback mechanism (as submitted by the proponent – PEMC and MO), together with the corresponding proposal on Rules Change process of the said manual (as introduced by the MSC), were presented to the PEM Board for comments during its August 2026 meeting, pursuant to the Committee's mandate under Sections 3.3 and 7 of the WESM Penalty Manual. The proposed amendments will be finalized for submission to the DOE and ERC for consideration and approval.

3.2 Discussion on the Proposed Urgent Amendments on the Compliance Standard Applicable to VRE Plants Opting for Scheduled Plants Classification

The MSC was apprised on the proposed urgent amendments to the WESM Rules and Manuals submitted by ACEN Corporation to the Rules Change Committee (RCC) regarding the compliance standard applicable for Variable Renewable Energy (VRE) Plants seeking Scheduled Plants classification. The Committee noted the potential impact of the proposal on the WESM Penalty Manual, which falls under its oversight, and was informed of the RCC's directive for ACEN to submit the proposed amendments separately to the MSC for review and evaluation.

Accordingly, ACEN Corporation formally submitted the proposed amendments to the MSC on 24 September 2026.

4.0 Market Studies

4.1 MSC's Independent Assessment on the Reported Curtailment of Power Plants in Visayas

During the period, the MSC assessed the reported curtailment of geothermal power plants in the Visayas, taking into account the applicable provisions of the WESM Rules and Market Manuals, relevant operational data, and information gathered through coordination meetings. The assessment resulted in key findings, observations, and recommendations, including possible proposed revisions to the Market Rules and Manuals, as necessary.

5.0 Other Activities and Accomplishments

5.1 Review of Various Department Circulars, Issuance and RCC Call for Comments

- **ERC Case No. 2025-009 RM: In the Matter of the Petition for the Approval of the Proposed Amendments to the Rules for the Distribution of Net Settlement Surplus**

Relative to the ERC Case No. 2025-009 RM, the MSC discussed the findings and issues in relation to the Order for distribution of Net Settlement Surplus (NSS). In addition, the Committee was apprised on the corresponding solutions introduced by ERC to address the observed concerns in the current settlement framework, as follows:

- Solution 1: Suspension of Line Rental Trading Amount as an interim measure.
- Solution 2: Recalculate the Locational Marginal Price (LMP) sub-components as permanent or eventual solution.

- **ERC Case No. 2026-048 MC: In the Matter of the Regional Implementation of the SPC for the Visayas and Mindanao Grids, Retroactive to the August 2026 Billing Period**

The MSC discussed the implications of ERC Case No. 2026-048 MC concerning the regional implementation of the Secondary Price Cap (SPC) in the Visayas and Mindanao grids. In response to the ERC's findings on the continuing supply adequacy constraints, the Committee discussed the following directives issued particularly to PEMC and MSC:

- Directive 1: PEMC to conduct comprehensive assessment of the WESM Rules, mechanisms and procedures relating to occurrence of sustained high market prices and submit findings and recommendations within 30 calendar days.
- Directive 2: PEMC, through MSC, to conduct focused investigation into the bidding, offer and dispatch behavior of generation companies in Visayas and Mindanao during the CPT-breach periods from August 2026 onward.

In compliance with the ERC's directives, the MSC commenced its focused investigation with the support of the MAG and the Enforcement and Compliance Office (ECO). These efforts facilitated the conduct of the comprehensive assessment and focused investigation of the matter.

- **Call for Comments to the Proposed General Amendments to the WESM Manual on Metering Standards and Procedures regarding Metering Installation Requirements**

The MSC provided comments on the Proposed General Amendments to the WESM Manual on Metering Standards and Procedures (MSP) regarding the Metering Installation Requirements and agreed with the proposed re-wording of several relevant provisions. The Committee's inputs ensured that the revision adequately reflect governance arm's oversight functions and responsibilities.

- **Call for Comments on the Draft Terms of Reference (TOR) for the Market Design and Operations Review (MDOR)**

The MSC discussed the draft TOR for the MDOR project which aims for a comprehensive evaluation of the effectiveness of Enhanced WESM Design and Operations (EWDO). It was

noted that the MSC has previously submitted comments particularly on the expansion of the review coverage of the study. The Committee was further apprised that the project will cover two study components, such as the EWDO Implementation Review and Feasibility Study on the Day-Ahead Market.

After the deliberation, the Committee submitted and provided its comments for the several provisions on the draft TOR.

5.2 Transmission Development Plan (TDP) Consultation

The MSC discussed the highlights of the discussion during the consultation meeting on the Transmission Development Plan (2026-2050) facilitated by the National Grid Corporation of the Philippines (NGCP). The Committee has duly noted and discussed the major transmission projects that will address the issues identified and being discussed by the Committee.

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