



Market Surveillance Committee Annual Retail Market Assessment Report

26 December 2019 to 25 December 2020

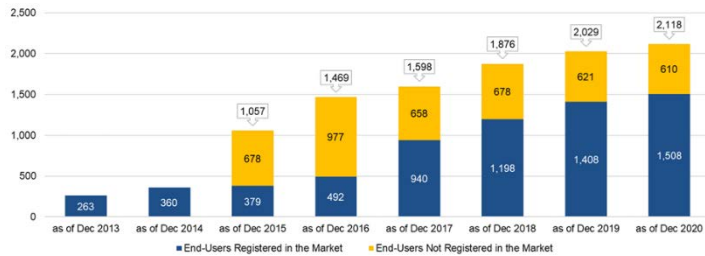
MARCH 2021

This Report is prepared by the
Philippine Electricity Market Corporation –
Market Assessment for the
Market Surveillance Committee

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

CONTESTABLE CUSTOMER PROFILE

YEARLY CUMMULATIVE NUMBER



- At the end of 2020, an **additional 100** registered Contestable Customers were recorded which demonstrated a **7% increase** from 2019
- 71% of the eligible consumers have already participated in the market

THRESHOLDS

1MW & ABOVE		750-999kW	
Period	No. of CCs	Period	No. of CCs
As of Dec 2013	263	As of Dec 2013	-
As of Dec 2014	360	As of Dec 2014	-
As of Dec 2015	379	As of Dec 2015	-
As of Dec 2016	453	As of Dec 2016	39
As of Dec 2017	862	As of Dec 2017	78
As of Dec 2018	975	As of Dec 2018	223
As of Dec 2019	1,096	As of Dec 2019	312
As of Dec 2020	1,135	As of Dec 2020	373
Registrants accounted to 75%		Registrants accounted to 25%	

The **voluntary registration** of Contestable Customers has **continually increased** throughout the comparative years

PER RETAIL ACTIVITY

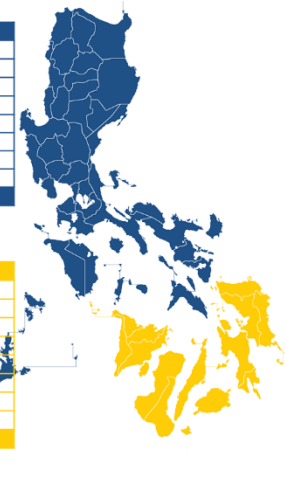


The market was comprised of about **47%** Contestable Customers engaged into **industrial activities** and about **53%** were into **commercial activities**

PER LOCATION

LUZON	
Period	No. of CCs
As of Dec 2013	262
As of Dec 2014	357
As of Dec 2015	375
As of Dec 2016	477
As of Dec 2017	856
As of Dec 2018	1,080
As of Dec 2019	1,264
As of Dec 2020	1,349

VISAYAS	
Period	No. of CCs
As of Dec 2013	1
As of Dec 2014	3
As of Dec 2015	4
As of Dec 2016	15
As of Dec 2017	84
As of Dec 2018	118
As of Dec 2019	144
As of Dec 2020	159



89% of Contestable Customers were located in Luzon while the remaining **11%** were based in Visayas

BY AVERAGE CONSUMPTION

Region	1 MWh and below	Above 1 MWh to 5 MWh	Above 5 MWh to 10 MWh	Above 10 MWh to 15 MWh	Above 15 MWh to 20 MWh	Above 20 MWh to 50 MWh	Sub-Total Per Region
LUZON	60.68%	24.72%	2.63%	0.99%	0.26%	0.26%	89.55%
VISAYAS	8.22%	1.91%	0.07%	0.00%	0.13%	0.13%	10.45%
Sub-Total Per Level of Average Energy Consumption	68.90%	26.63%	2.70%	0.99%	0.39%	0.39%	100.00%

Majority of the Contestable Customers had average energy consumption of 1MWh and below during 2020. So far, there has not been a recorded average consumption above 50MWh.

SUPPLIER PROFILE

YEARLY CUMMULATIVE NUMBER

There was no significant change in the number of registered Suppliers per category during the year 2020 such that by the end of the year, only two (2) new Retail Electricity Suppliers were added in the list, as follows:

- Mabuhay Energy Corporation – 07 January 2020
- Solar Philippines Retail Electricity, Inc. – 18 February 2020

Supplier	Period							
	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
RES	15	16	17	19	28	30	31	33
LRES	5	11	12	12	12	14	14	14
SoLR	2	5	6	6	24	24	25	25

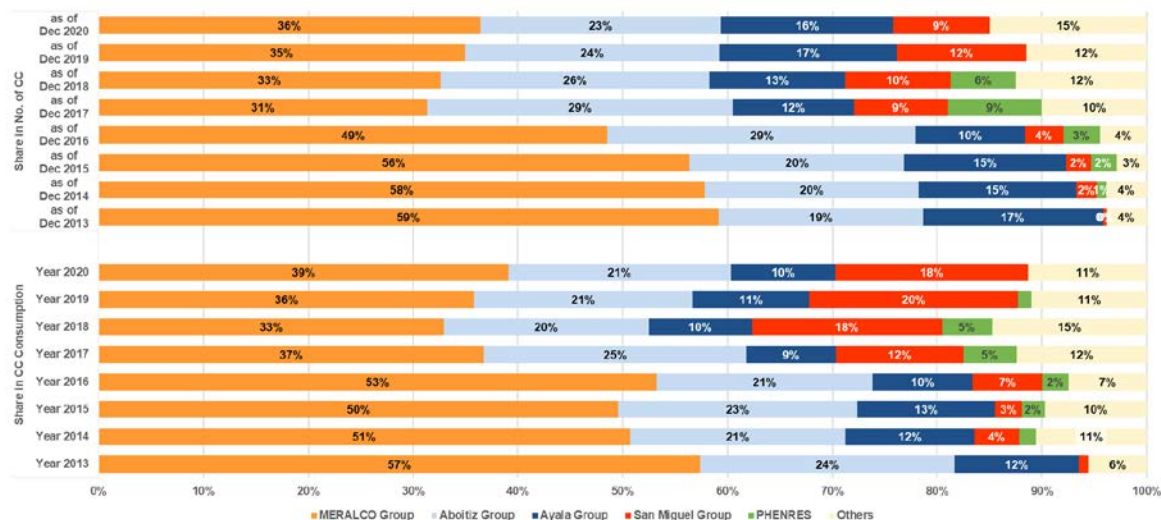
ACTIVE SUPPLIERS

There are still two (2) market registered RESs which have yet to engage in any Retail Supply Contract (RSC) from their market registration back in 2016 and 2017.

Based on available data, a newly registered RES will take an average of 5-6 months before it can fully participate in the market which may be the time spent in completing registration requirements.

Category	No. of Suppliers		
	With License / Authority	Total Registered	With CCs Served
Retail Electricity Supplier	42	33	31
Local Retail Electricity Supplier	25	14	4
Supplier of Last Resort	47	25	0
Total	114	72	35

SHARE IN CC (BY NUMBER AND CONSUMPTION)

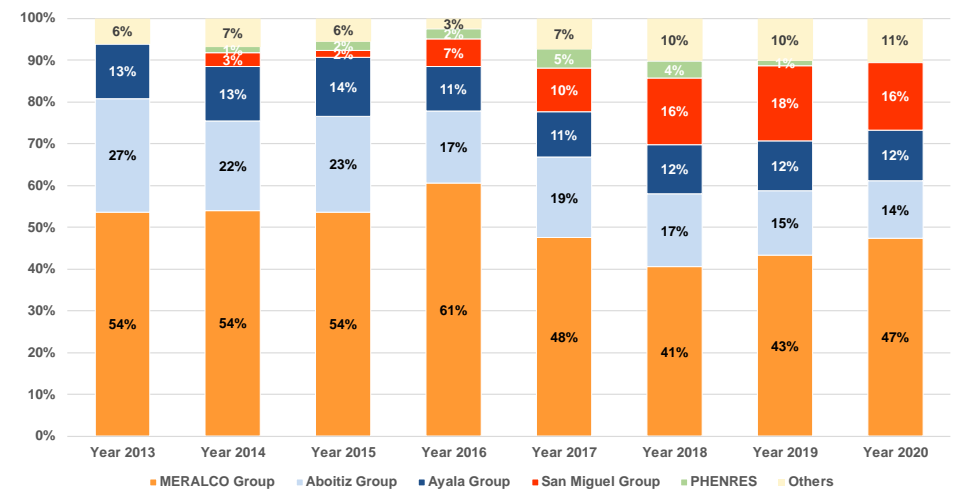
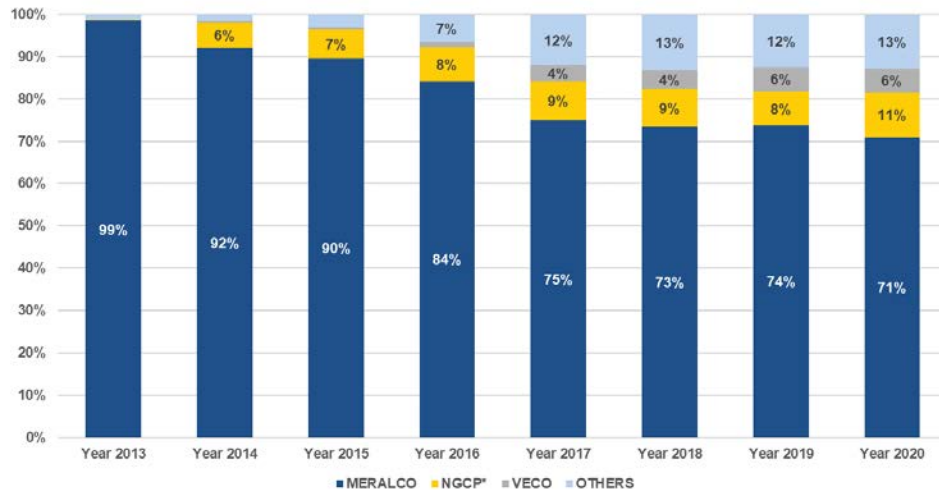


MERALCO Group remained the top entity with the most contracted Contestable Customers at **36%**

The growth in Suppliers not affiliated with the major groups ("Others") can also be observed in 2020 at about **15%** share

MERALCO Group also held the largest share in the total consumption of the Contestable Customers in 2020 at about **39%**

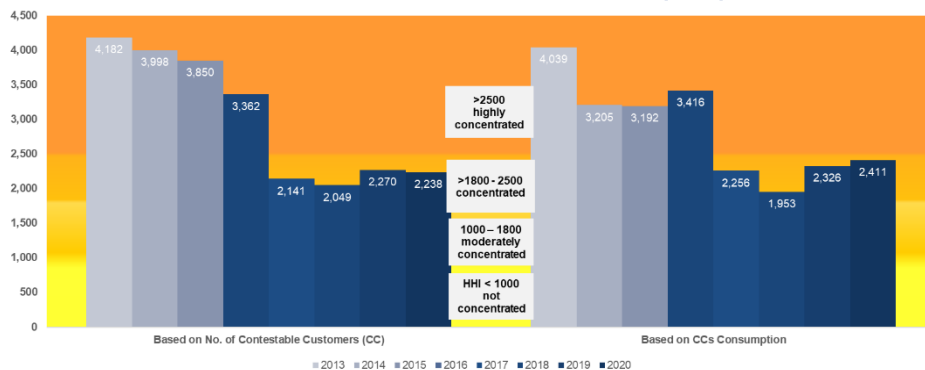
MARKET STRUCTURE FRANCHISE AREA



- About 71% total consumption of CCs for 2020 were recorded from MERALCO Franchise Area
- About 11% of total consumption were Directly-Connected to the grid while the remaining 19% were scattered among other franchise areas

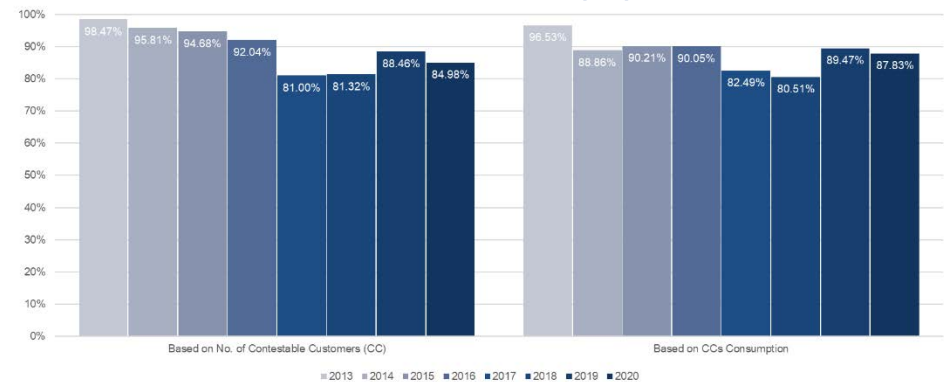
Inside MERALCO franchise area, 47% were served by the MRLCOLRE and its affiliates, while other Suppliers experienced minimal decreases in shares

HERFINDAHL-HIRSCHMAN INDEX (HHI)



Year 2020 posed a **Concentrated Market** both in terms of share in number of CCs and energy consumption

FOUR-FIRM INDEX (C4)

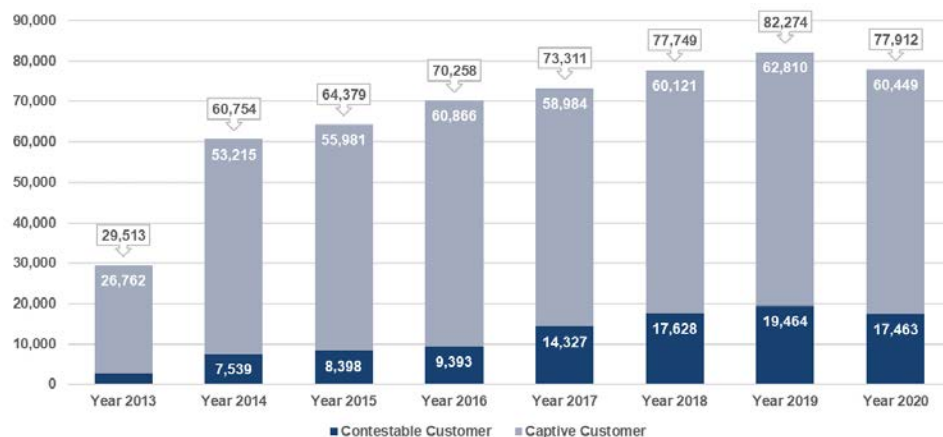


C4 values remained high both at **above 80%** in terms of share in number of CCs and energy consumption by the end of 2020

MARKET PERFORMANCE

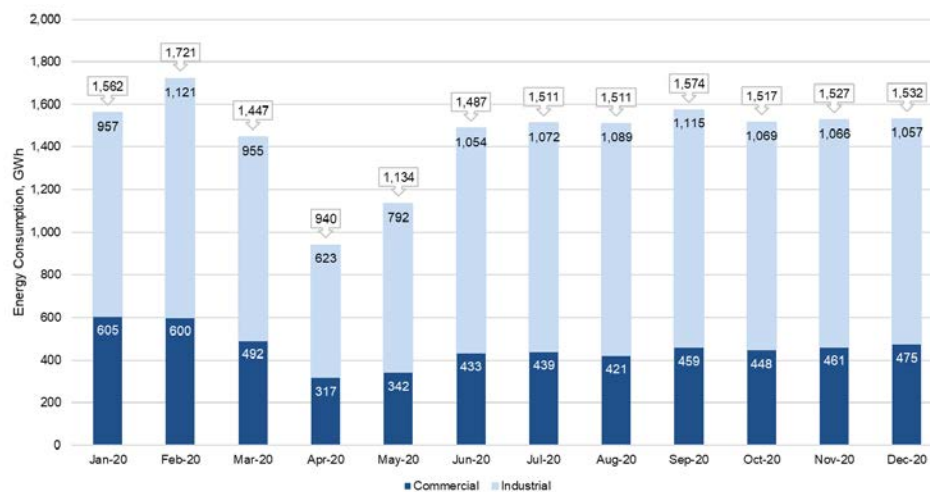
The performance of the market has been greatly affected by the Corona Virus Disease 2019 Pandemic (COVID-19) whereby community quarantine protocols were imposed by the government during the pandemic.

TOTAL ENERGY CONSUMPTION



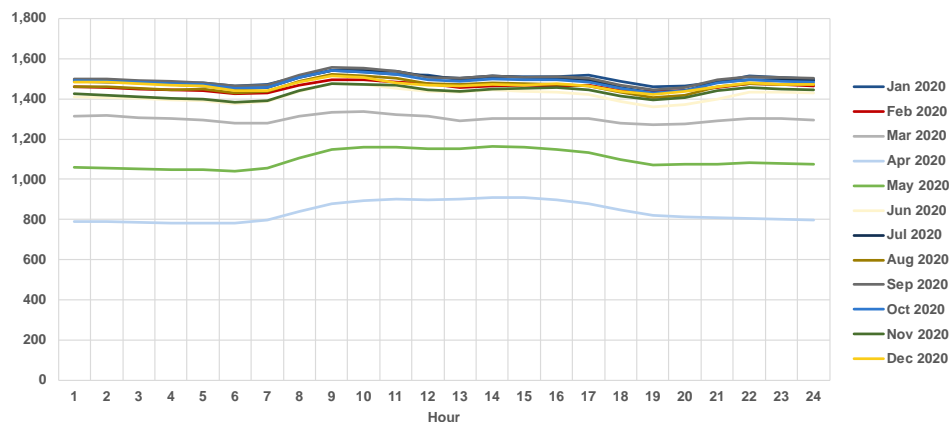
- April and May which were supposed to be the peak of summer season, posed the lowest recorded consumptions for the months in review
- In June 2020, the demand was slowly picking up which signals that economic activities were slowly going back to normal due to a much more relaxed community quarantine protocol
- The government's decision to revert the NCR to MECQ during the first half of August, due to the spike in cases of COVID-19 in the Philippines, may have caused the flattened demand from July to August.
- From September to December, the consumption of the CCs remained generally the same and is comparable to the trend of consumption in 2019

- 5% decrease in total consumption was observed in 2020 as compared to 2019
- The highest energy consumption, at about 20,430 GWh, was observed during the 3rd quarter when the government gradually eased the implementation of the community quarantine which allowed the re-opening of commercial and public establishments but not without stringent protocols
- Implementation of work-from-home scheme by various businesses, citizens staying at home in compliance with the community quarantine and the conduct of online classes for students caused the increase in the consumption of the household consumers which is part of the Captive market



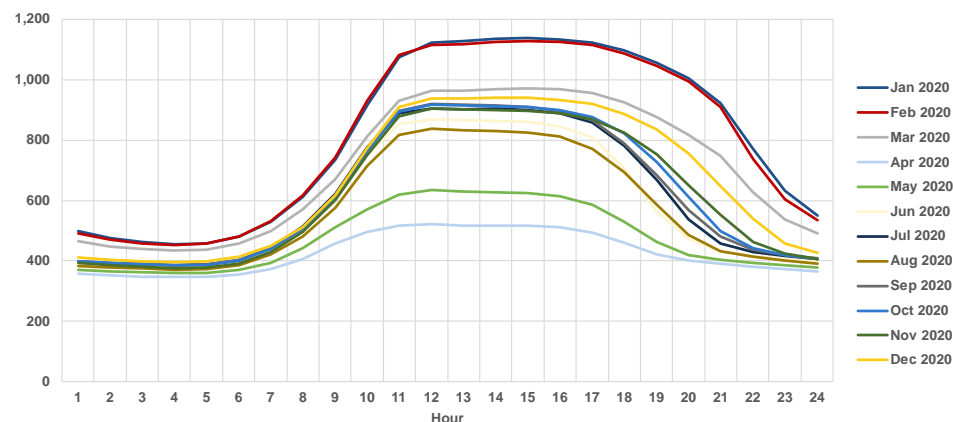
MARKET PERFORMANCE

LOAD PROFILE - INDUSTRIAL



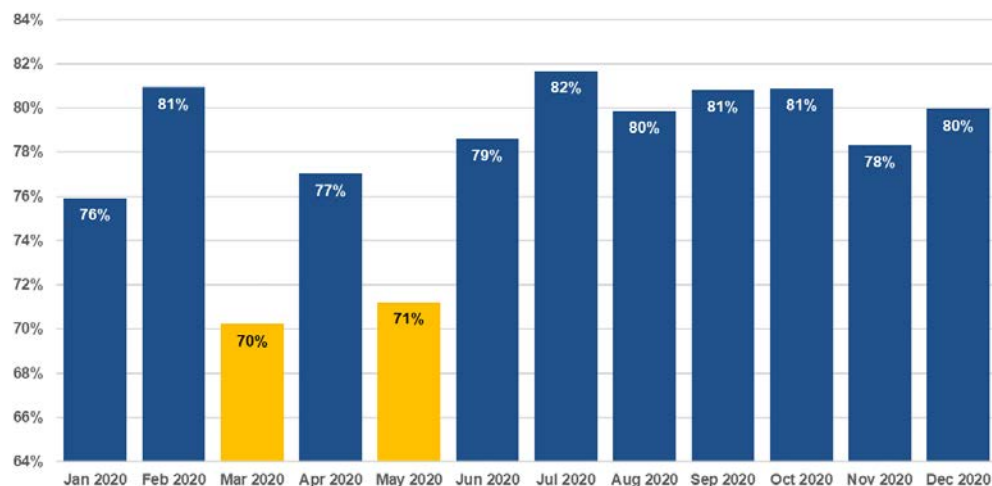
There was a shift in the dipping of consumption during April and May from three (3) points to two (2) denoting the effects of the quarantine at its initial stages

LOAD PROFILE - COMMERCIAL



The peak intervals shifted from 1000H-2200H to just 1000H-1900H denoting the shortened hours of operation of commercial establishments, still as result of community quarantine

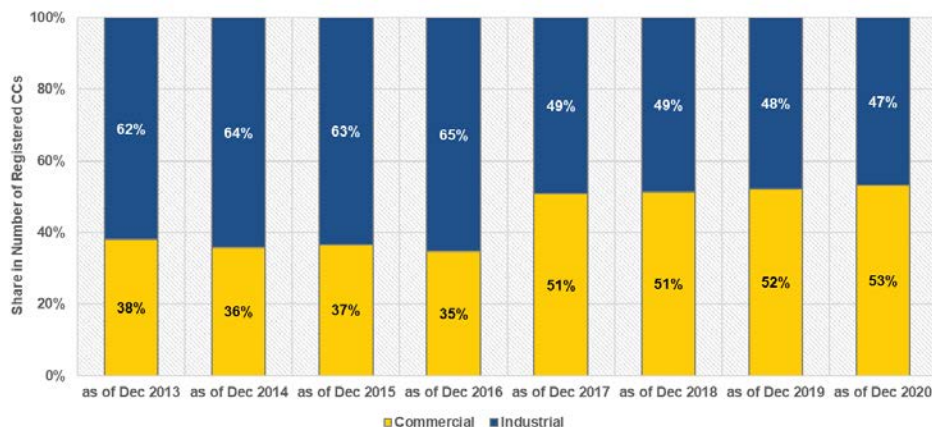
LOAD FACTOR



- Monthly load factors were calculated based on actual electricity consumption
- The load factors were **typical in general**, although **March** and **May** posed as the month with the **lowest load factor** which is again related to the implementation of ECQ
- During the first half of March, the economic activities were normal thereby recording a high maximum consumption and were subsequently placed on pause during the second half of the month which decreased the total energy consumption during the month
- In May, a high maximum consumption was likewise recorded which may be attributable to the change in consumption behavior of industries directly involved in addressing the pandemic
- These scenarios drastically affected the resulting load factors in those months

RETAIL ACTIVITY

CUSTOMER PARTICIPATION



The commercial sector comprises more than half of the Contestable Customers' participation in the retail market, outnumbering the registered industrial Contestable Customers by a few percent.

SWITCHING RATE

- Two hundred sixteen (216) switches were recorded during the year 2020
- February and March recorded with the highest switching rates for the period in review which were highly attributable to the end of contract dates between the Suppliers and the Contestable Customers

Particulars	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Switching Rate (Luzon)	1.17%	2.48%	2.63%	0.31%	0.23%	2.07%	1.53%	1.29%	1.13%	1.13%	1.19%	0.37%
Total No. of CCs	1,283	1,288	1,295	1,300	1,299	1,303	1,311	1,317	1,326	1,332	1,341	1,349
Total No. of CCs that Switched	15	32	34	4	3	27	20	17	15	15	16	5
LRES to RES	6	30	17	1		1	6		3	1		1
RES to LRES	5	2	1							4	1	2
RES to RES	4		16	3	3	26	14	17	12	10	15	2
SOLR to RES												
Switching Rate (Visayas)	2.07%	0.00%	1.33%	1.32%	0.66%	0.00%	0.66%	0.00%	0.65%	0.65%	0.00%	1.26%
Total No. of CCs	145	148	150	151	151	152	152	152	153	153	155	159
Total No. of CCs that Switched	3		2	2	1		1		1	1		2
LRES to RES												
RES to RES	3		2	2	1		2		1	1		2
Switching Rate (Luzon-Visayas)	1.26%	2.23%	2.49%	0.41%	0.28%	1.86%	1.44%	1.16%	1.08%	1.08%	1.07%	0.46%
Total No. of CCs	1,428	1,436	1,445	1,451	1,450	1,455	1,463	1,469	1,479	1,485	1,496	1,508
Total No. of CCs that Switched	18	32	36	6	4	27	21	17	16	16	16	7

RECENT RCOA MARKET ACTIVITIES

PROPOSED LOWERING OF RCOA MARKET THRESHOLDS

The ERC had published its proposed new implementation of the RCOA timeline¹ through ERC Case No. 2020-02 RM entitled “*Resolution Prescribing the New Timeline for the Implementation of Retail Competition and Open Access (RCOA)*” on 07 October 2020 as follows:

	Threshold Level	Effectivity
Phase III	500 kW to 749 kW	Feb. 26, 2021
Phase IV	100 kW to 499 kW	Jan. 26, 2022
Phase V	10 kW to 99 kW	Jan. 26, 2023

Phase III has been made effective by the ERC via its Resolution No. 12 Series of 2020.

MSC DIALOGUE WITH STAKEHOLDERS

In line with the ongoing study of the MSC with the end view of having a more competitive and enhanced RCOA market, the following dialogues with the stakeholders occurred in August 2020, which mainly aimed at gathering the concerns and recommendations from the different segments of the market:

- Retail Electricity Suppliers – 13 August 2020
- Energy Regulatory Commission – 14 August 2020
- Contestable Customers – 28 August 2020

Results of the said dialogues formed part of the MSC’s Issues Paper on the Retail Competition and Open Access (RCOA) Market which can be accessible via this link: <https://www.wesm.ph/library/downloads/view-download/market-governance/market-surveillance/market-studies>