

PEMC MARKET ASSESSMENT HIGHLIGHTS

The average demand and the reserve schedule, recorded at 11,171 MW during the week of 11 - 17 Oct 2021, was higher than both the previous week at 11,129 MW and the same week last year at 10,982 MW. Various areas were under the ECQ, MECQ or the GCQ.¹

The WESM registered capacity stood at 21,361 MW at the end of the week.

An average supply margin of 513 MW was observed during the week, higher by about 44% relative to the previous week and lower by about 77% in comparison with the same week last year. The supply margin of 91.532 MW observed on 13 October 2021 17:55 was the tightest during the subject period. The average supply margin at peak intervals reached 467.37 MW, climbing to 530.79 MW at off-peak.

The outage capacity averaged at 3,728 MW, lower than last week's 3,915 MW. About 53% of the 3,728 MW involved Natural Gas plants, while in terms of category, about 80% were Forced Outages.

The average effective supply during the week was 11,683 MW, higher than the 11,486 MW of the previous week and lower than the 13,189 MW during the same week last year. Ramping limitations in generators' offers persisted which caused the lower effective supply and at times load curtailment on the MMS' solution.

Average GWAP dropped to PHP 4,512/MWh from PHP 7,068/MWh last week, although still higher than the PHP 1,907/MWh during the same week last year.

No secondary price cap was imposed for this week

The top 5 participant groups accounted for about 75% of the offered capacity. The Herfindahl-Hirschman Index (HHI) by participant group indicated a moderately concentrated market based on the registered and offered capacities.

Based on the effective supply, the top 5 pivotal plants during the week were –

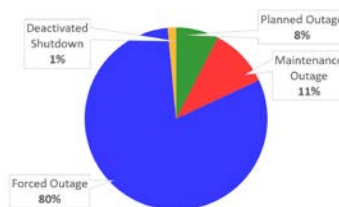
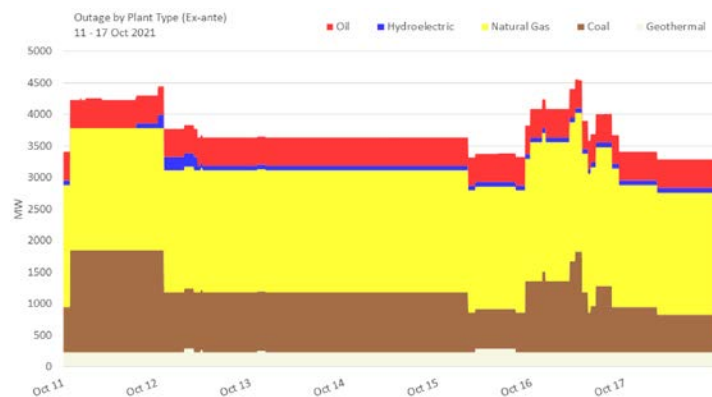
1. SUAL CFTPP (about 92.36% of the time)
2. PAGBILAO CFTPP (about 92.01% of the time)
3. MASINLOC CFTPP (about 75.84% of the time)
4. SMC LIMAY CFTPP (about 66.67% of the time)
5. STA RITA NGPP (about 55.61% of the time)

The offer pattern analysis showed increase in hydro plants' offered capacity. Moreover, average offer price demonstrated increase in level for oil-based plants in contrast with hydro plants.

IEMOP MARKET SYSTEMS ADVISORY

No IT-related issue was advised in IEMOP's market systems from 11 - 17 Oct 2021.

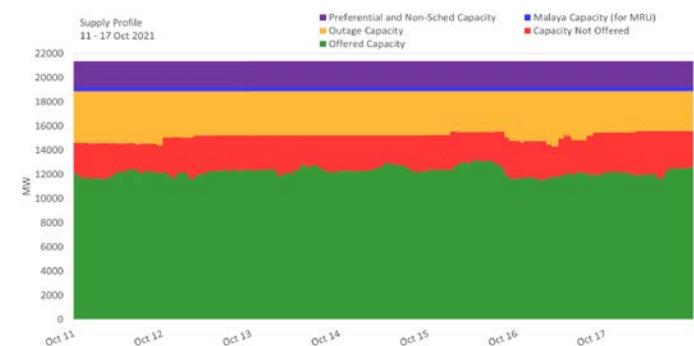
OUTAGE CAPACITY BY PLANT TYPE



SUMMARY (PRICE, SUPPLY, DEMAND AND RESERVE SCHEDULE)

| Particulars | | 11 - 17 Oct 2021 | Previous Week (04 - 10 Oct 2021) | Same Week, Previous Year (05 - 11 Oct 2020) | Percent Change From | |
|--------------------------------|---------|------------------|----------------------------------|---|---------------------|----------------------|
| | | | | | Previous Week | Same Week, Prev Year |
| GWAP (PHP/MWh) | max | 32,635.76 | 31,101.38 | 6,806.34 | 4.93% | 379.49% |
| | min. | -514.61 | -1,127.19 | 993.75 | 54.35% | -151.78% |
| | w. ave. | 4,511.50 | 7,067.58 | 1,907.45 | -36.17% | 136.52% |
| Effective Supply (MW) | max | 13,416.57 | 13,210.33 | 14,318.25 | 1.56% | -6.30% |
| | min. | 9,803.80 | 9,823.84 | 12,285.90 | -0.20% | -20.20% |
| | ave. | 11,683.39 | 11,485.64 | 13,188.58 | 1.72% | -11.41% |
| System Demand (MW) | max | 12,021.40 | 12,183.18 | 12,143.29 | -1.33% | -1.00% |
| | min. | 8,335.49 | 8,309.01 | 7,755.49 | 0.32% | 7.48% |
| | ave. | 10,303.75 | 10,246.83 | 9,899.94 | 0.56% | 4.08% |
| Demand + Reserve Schedule (MW) | max | 12,957.90 | 12,939.00 | 13,251.06 | 0.15% | -2.21% |
| | min. | 9,188.49 | 9,167.78 | 8,787.79 | 0.23% | 4.56% |
| | ave. | 11,170.69 | 11,128.69 | 10,981.64 | 0.38% | 1.72% |
| Supply Margin (MW) | max | 1,060.05 | 948.11 | 3,643.23 | 11.81% | -70.90% |
| | min. | 91.53 | -87.67 | 734.70 | 204.41% | -87.54% |
| | ave. | 512.70 | 356.95 | 2,206.94 | 43.63% | -76.77% |

SUPPLY PROFILE

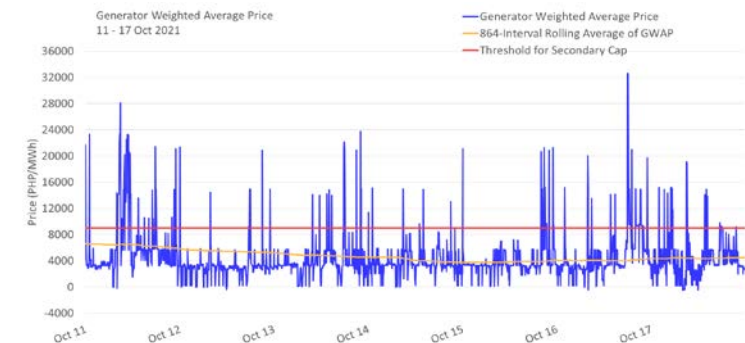


OUTAGE CAPACITY BY OUTAGE CATEGORY

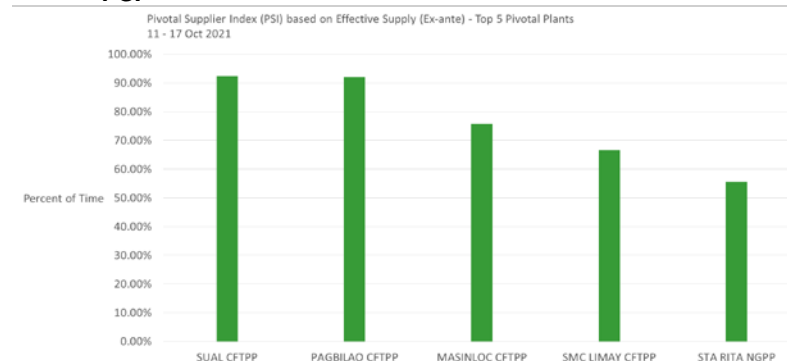
¹ The government's pandemic task force has placed 11 areas under the modified enhanced community quarantine (MECQ) until October 15, 2021, while 25 areas will be under general community quarantine (GCQ) with heightened restrictions until the end of the month. The following will be under MECQ until October 15:

Apayao, Kalinga, Batanes, Bataan, Bulacan, Cavite, Lucena City, Rizal, Laguna, Naga City, Iloilo Province. The following areas are placed under GCQ with heightened restrictions for the entire month of October: Abra, Baguio City, Ilocos Sur, Pangasinan, Cagayan, Isabela, City of Santiago, Nueva Vizcaya, Quirino, Quezon, Batangas, Bacolod City, Capiz, Iloilo City, Lapu-Lapu City, Negros Oriental, Bohol, Zamboanga del Norte, Zamboanga del Sur, Cagayan de Oro City, Misamis Oriental, Davao del Norte, Davao Occidental, Butuan City, Surigao del Sur. The following areas will be under the regular GCQ from October 1 to 31, 2021: Ilocos Norte, Dagupan City, Benguet, Ifugao, Tarlac, Marinduque, Occidental Mindoro, Oriental Mindoro, Puerto Princesa, Albay, Camarines Norte, Aklan, Antique, Guimaras, Negros Occidental, Cebu City, Cebu Province, Mandaue City, Siquijor, Tacloban City, Zamboanga Sibuga, Zamboanga City, Misamis Occidental, Iligan City, Davao City, Davao Oriental, Davao del Sur, General Santos City, Sultan Kudarat, Sarangani, North Cotabato, South Cotabato, Agusan del Norte, Agusan del Sur, Dinagat Islands, Surigao del Norte, Cotabato City, Lanao del Sur. The rest of the Philippines will be under modified GCQ (MGCQ).

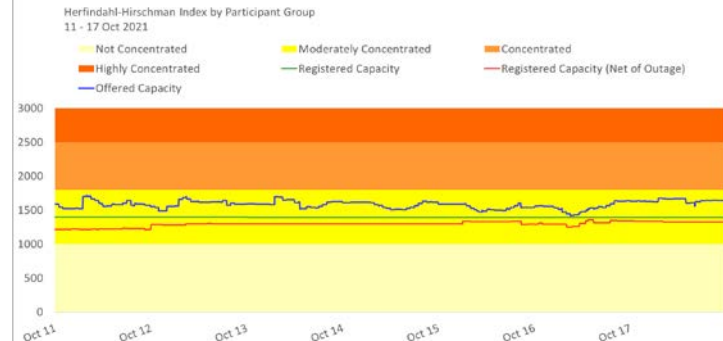
GENERATOR WEIGHTED AVERAGE PRICE



PSI



HERFINDAHL-HIRSCHMAN INDEX

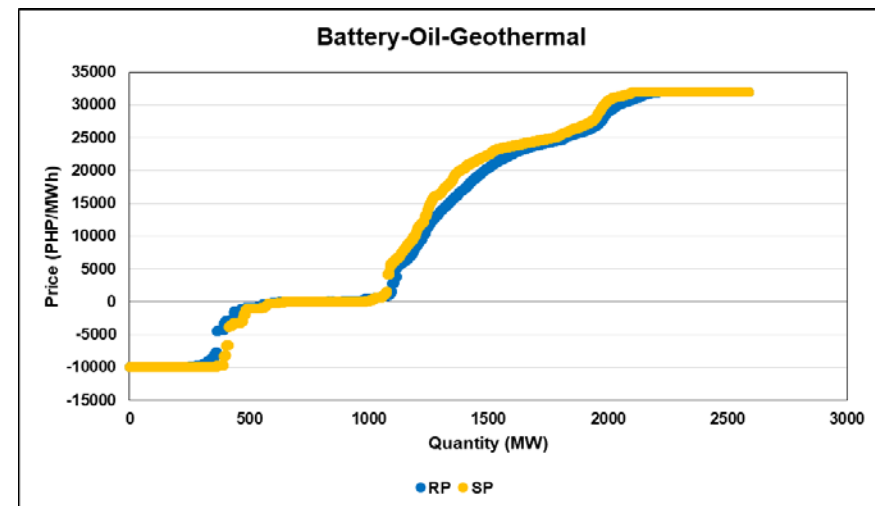
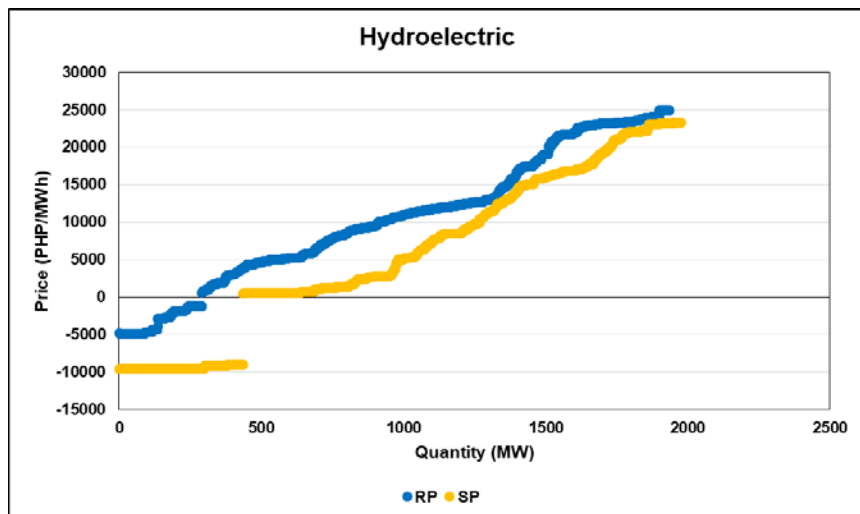
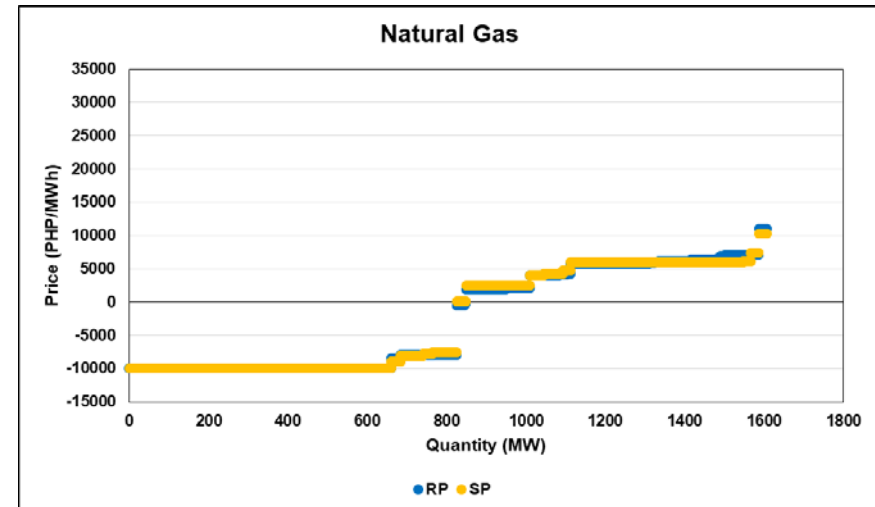
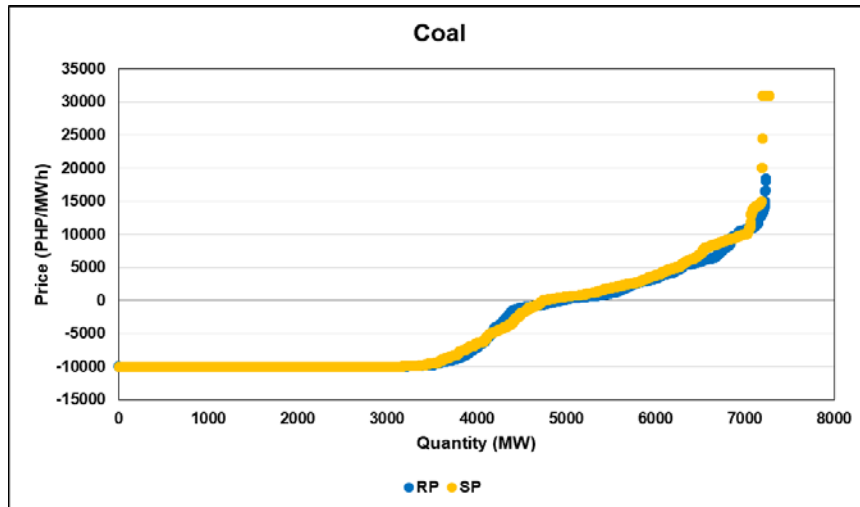


OFFER PATTERN ANALYSIS

Legend

RP: Reference Offer Price – the week of 04-10 Oct 2021 was used as a control for the comparison with the subject price

SP: Subject Offer Price – the week of 11-17 Oct 2021



GLOSSARY OF TERMS

HERFINDAHL-HIRSCHMAN INDEX (HHI) - is a commonly accepted measure of market concentration that takes into account the relative size and distribution of participants in the market. The HHI is a number between 0 and 10,000, which is calculated as the sum of squares of the participant's market share. The HHI approaches zero when the market has very large number of participants with each having a relatively small market share. In contrary, the HHI increases as the number of participants in the market decreases, and the disparity in the market shares among the participants increases. The following are the widely used HHI screening numbers: (1) less than 1,000 - not concentrated; (2) 1,000 to 1,800 - moderately concentrated; (3) greater than 1,800 - concentrated; and (4) greater than 2,500 - highly concentrated.

The HHI is calculated using the (i) registered capacity, (ii) registered capacity net of outage, (iii) offered capacity, (iv) metered quantity, and (v) spot transaction (metered quantity net of bilateral contract declarations).

MARKET RESIDUAL SUPPLY INDEX (Market RSI) - The RSI is a dynamic continuous index measured as ratio of the available generation without a generator to the total generation required to supply the demand. The RSI is measured for each generator. The greater the RSI of a generator, the less will be its potential ability to exercise market power and manipulate prices, as there will be sufficient capacity from the other generators. In contrary, the lower the RSI, the greater the market power of a generator (and its potential benefit of exercising market power), as the market is strongly dependent on its availability to be able to fully supply the demand. In particular, a RSI greater than 100% for a generator means that the remaining generators can cover the demand, and in principle that generator cannot manipulate market price. On the other hand, a RSI less than 100% means that the generator is pivotal in supplying the demand.

The RSI for the whole market (Market RSI) is measured as the lowest RSI among all the generators in the market. A Market RSI less than 100% indicates the presence of pivotal generator/s.

PRICE SETTING FREQUENCY INDEX (PSFI) - A generator trading node is considered as a price setter when its last accepted offer price is between 95% to 100% of its nodal price. A generating plant is considered as price setter if at least one of its trading nodes was price setter in a given trading hour. The price setters are determined from: (i) ex-ante for trading intervals without pricing error during ex-ante, (ii) ex-post with pricing error during ex-ante but without pricing error during ex-post, (iii) market re-run results for trading intervals with pricing error both in ex-ante and ex-post, and (iv) trading intervals where the price substitution methodology (PSM) was applied. For trading intervals affected by PSM, the unconstrained marginal plants are considered price setters. Further, in instances of regional price separation, price setters are determined separately for each region.

MARKET SHARE - The fraction of the total capacity or energy that a company or related group owns or controls in the market.

PIVOTAL SUPPLIER INDEX (PSI) - The pivotal supplier index is a binary variable (1 for pivotal and 0 for not pivotal) for each generator. The index identifies whether a generator is pivotal in supplying the demand. The PSI is calculated as the percentage of time that a generator is pivotal in a period (i.e. monthly).

CAPACITY FACTOR - The index assesses the performance of the generators in the market. A high capacity factor indicates the high utilization of the generators.

CAPACITY PROFILE - The hourly factors affecting supply, which include, among others, the offered capacity, outage capacity and ancillary services schedule.

MAJOR PARTICIPANT GROUP - The grouping of generators by ownership or control.

REGISTERED CAPACITY - The capacity registered by a generator with WESM.

REGISTERED CAPACITY (NET OF OUTAGE) - The capacity registered by a generator with WESM less capacity on outage.

OFFERED CAPACITY - The hourly offer to supply electricity submitted by a generator.

METERED QUANTITY - The hourly quantity of electricity generated by a generator.

SPOT TRANSACTION - The hourly quantity of electricity sold to the market by a generator net of bilateral contract declaration accounted for in the settlement.

ANCILLARY SERVICES SCHEDULES - The hourly quantity scheduled by the System Operator to provide regulating, contingency and dispatchable reserves.

EFFECTIVE SUPPLY - The hourly effective supply is equal to the offered capacity of all scheduled generator resources, nominated loading level of non-scheduled generating units and projected output of preferential dispatch generating units, adjusted for any security limit provided by the System Operator and other constraints considered during MMS simulation such as generator offered ramp rates. Scheduled output of plants on testing and commissioning through the imposition of security limit by SO and scheduled output of Malaya plant when it is called to run as Must Run Unit (MRU) are likewise accounted for in the effective supply.

DISCLAIMER: The information contained in this document is based on the available electricity spot market data. The same information is subject to change as updated figures come in. As such, the PEMC does not make any representation or warranty as to the completeness of this information. The PEMC likewise accepts no responsibility or liability whatsoever for any loss or cost incurred by a reader arising from, or in relation to, any conclusion or assumption derived from the information found herein.