



PEMCO MARKET ASSESSMENT HIGHLIGHTS

- The average demand and the reserve schedule, recorded at 11,266 MW during the week of 09 - 15 Aug 2021, was lower than the previous week at 11,656 MW, higher than the same week last year at 10,583 MW. Various areas were under the ECQ, MECQ or the GCQ.¹
- The WESM registered capacity stood at 21,346 MW at the end of the week.
- An average supply margin of 424 MW was observed during the week, which is higher by about 1% relative to the previous week and lower by about 84% in comparison with the same week last year. The supply margin of 0 MW observed on 14 August 2021 21:05 was the tightest during the week. The average supply margin was 373.78 MW at peak intervals and 445.27 MW at off-peak intervals.
- The outage capacity averaged at 2,361 MW, lower than last week's 2,441 MW. About 60% of the 2,361 MW involved Coal plants, while in terms of category, about 63% were Forced Outages. While the outage capacity declined, the available capacity not offered increased by 9%.
- The average effective supply during the week was 11,690 MW, lower than the 12,077 MW of the previous week and lower than the 13,268 MW during the same week last year. Ramping limitations in generators' offers persisted which caused the trimming of effective supply.
- Average GWAP was recorded at PHP 3,604/MWh from PHP 3,967/MWh last week. This is higher than the PHP 1,984/MWh during the same week last year.
- No secondary price cap was imposed for this week.
- The top 5 participant groups accounted for about 77% 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 –

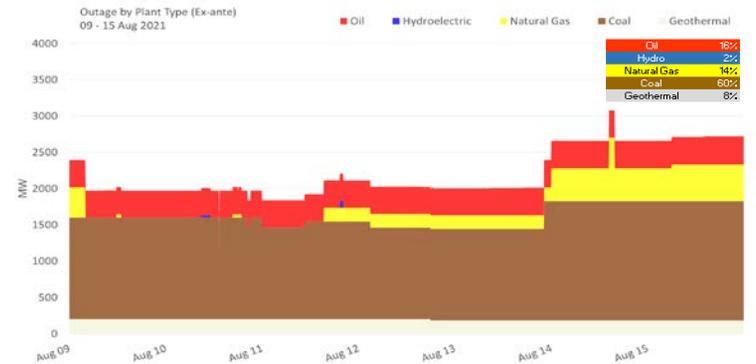
- STA RITA NGPP (about 99.21% of the time)
- SUAL CFTPP (about 97.57% of the time)
- ILJIAN NGPP (about 86.95% of the time)
- MASINLOC CFTPP (about 80.31% of the time)
- PAGBILAO CFTPP (about 77.88% of the time)

The offer pattern analysis showed decrease in coal plants offered capacity. Further, average offer price demonstrated increase in oil-based plants, in contrast to natural gas plants' decrease.

IEMOP MARKET SYSTEMS ADVISORY

- No IT-related issue was advised in IEMOP's market systems from 09 - 15 Aug 2021.

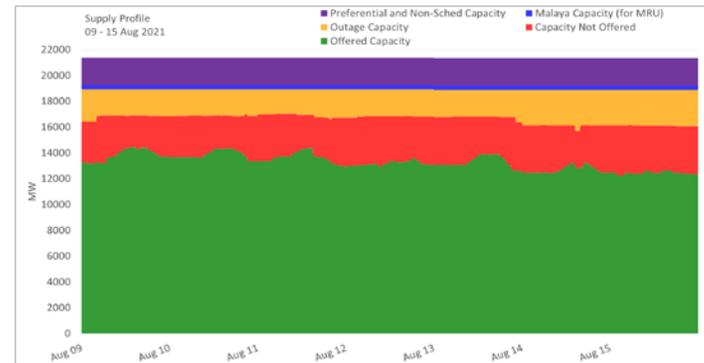
OUTAGE CAPACITY BY PLANT TYPE



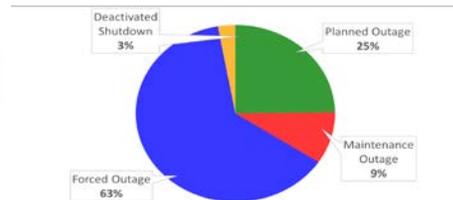
SUMMARY (PRICE, SUPPLY, DEMAND AND RESERVE SCHEDULE)

Particulars	09 - 15 Aug 2021	Previous Week (02 - 08 Aug 2021)	Same Week, Previous Year (03 - 09 Aug 2020)	Percent Change From		
				Previous Week	Same Week, Prev Year	
GWAP (PHP/MWh)	max	31,891.72	32,704.49	2,609.68	-2.49%	1,122.06%
	min.	-9,884.67	-9,946.04	0.00	0.62%	-
	w. ave.	3,604.34	3,967.35	1,984.02	-9.15%	81.67%
Effective Supply (MW)	max	13,759.15	13,870.69	14,542.61	-0.80%	-5.39%
	min.	10,024.60	10,302.26	12,045.85	-2.70%	-16.78%
	ave.	11,690.35	12,076.58	13,267.61	-3.20%	-11.89%
System Demand (MW)	max	12,230.28	12,402.42	11,542.36	-1.39%	5.96%
	min.	8,403.14	8,734.84	7,428.78	-3.80%	13.12%
	ave.	10,168.20	10,593.38	9,522.32	-4.01%	6.78%
Demand + Reserve Schedule (MW)	max	13,464.10	13,567.52	12,823.91	-0.76%	4.99%
	min.	9,381.62	9,580.24	8,207.18	-2.07%	14.31%
	ave.	11,266.36	11,655.69	10,583.09	-3.34%	6.46%
Supply Margin (MW)	max	1,087.40	1,008.21	3,895.06	7.85%	-72.08%
	min.	0.00	0.00	1,463.15	100.00%	-100.00%
	ave.	423.99	420.89	2,684.52	0.74%	-84.21%

SUPPLY PROFILE



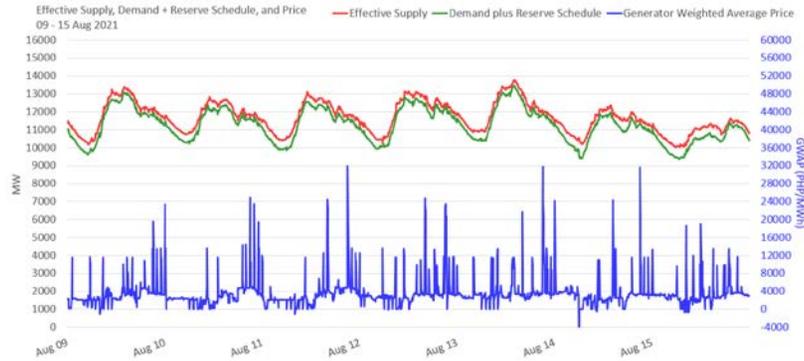
OUTAGE CAPACITY BY OUTAGE CATEGORY



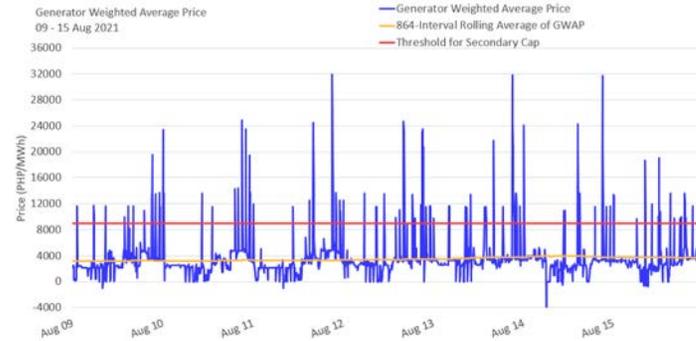
¹ Metro Manila and its four adjacent provinces — also known as the National Capital Region (NCR) Plus — will be under general community quarantine (GCQ) "with heightened restrictions" from Aug. 1 to 15 and Iloilo province and three cities outside Luzon will still be under enhanced community quarantine (ECQ) until Aug. 7. Iloilo province, Iloilo City, Cagayan de Oro City, and Gingog, the strictest classification, since July 16 will retain their status until Aug. 7. Meanwhile, the following areas will be placed under a looser modified ECQ (MECQ) from Aug. 1 to 15: Ilocos Norte, Bataan, Lapu-Lapu City, Mandaue City, Metro Manila, also known as the NCR, will retain its GCQ with heightened restrictions status while Laguna, Cavite, Bulacan, and Rizal will be upgraded to the same status. Other areas under GCQ with heightened restrictions are: Ilocos Sur, Cagayan, Lucena City, Naga City, Antique, Aklan, Bacolod City, Capiz, Negros Oriental, Zamboanga del Sur, Misamis Oriental, Davao City, Davao del Norte, Davao de Oro, Davao Occidental, Butuan City. The following areas will be under GCQ for the whole of August: Baguio City, Apayao, Santiago City, Isabela, Nueva Vizcaya, Quirino, Quezon, Batangas, Puerto Princesa, Guimaras, Negros Occidental, Zamboanga Sibugay, Zamboanga City, Zamboanga del Norte, Davao Oriental, Davao del Sur, General Santos City, Sultan Kudarat, Sarangani, North Cotabato, South Cotabato, Agusan del Norte, Surigao del Norte, Agusan del Sur, Dinagat Islands, Surigao del Sur, Cotabato City.



SUPPLY, DEMAND AND PRICE



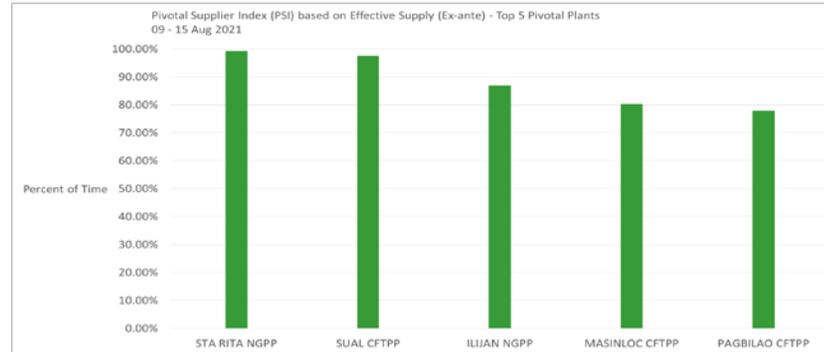
GENERATOR WEIGHTED AVERAGE PRICE



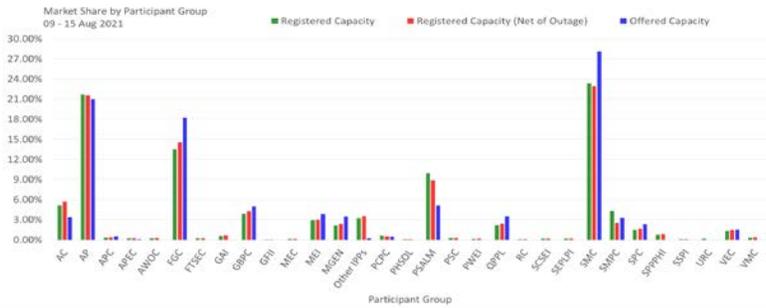
MARKET RSI VS PIVOTAL PLANTS



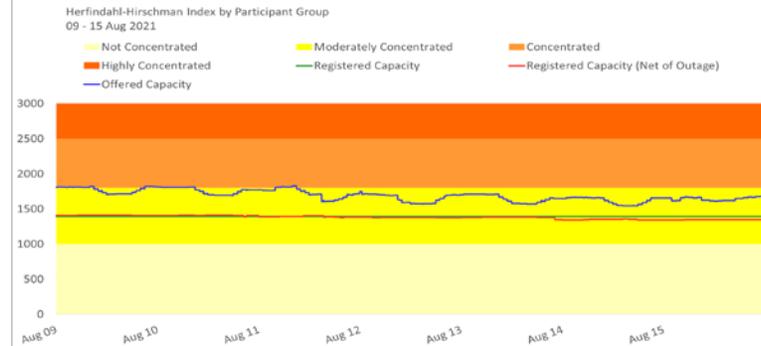
PSI



MARKET SHARE



HERFINDAHL-HIRSCHMAN INDEX



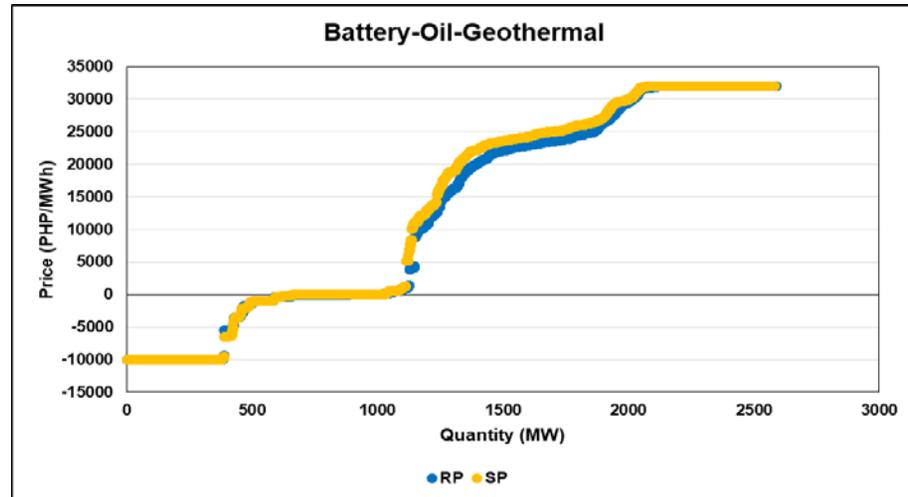
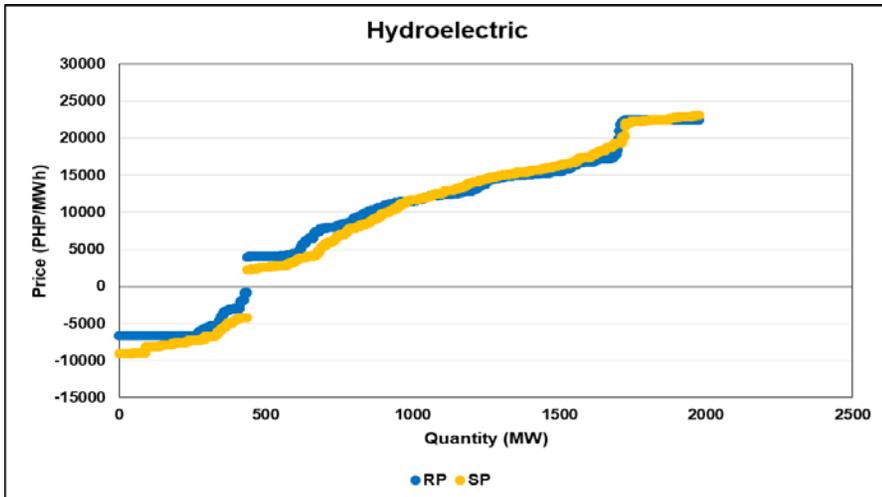
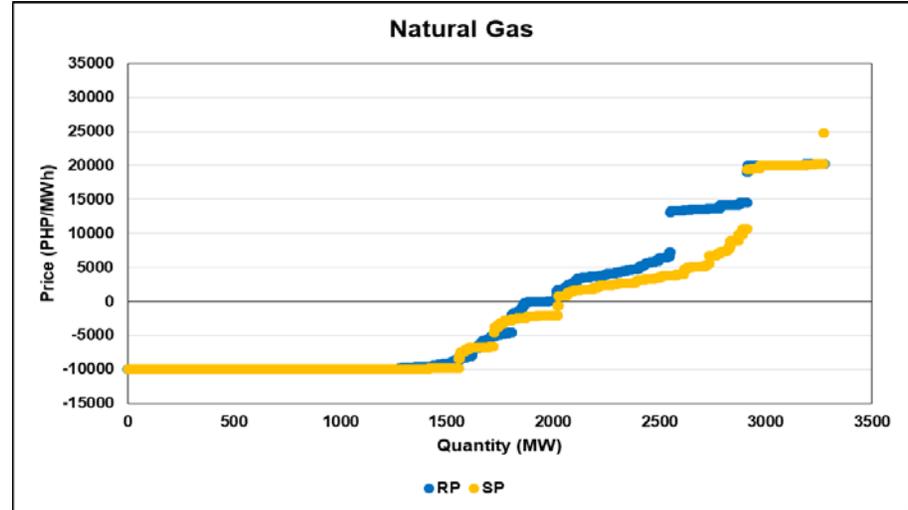
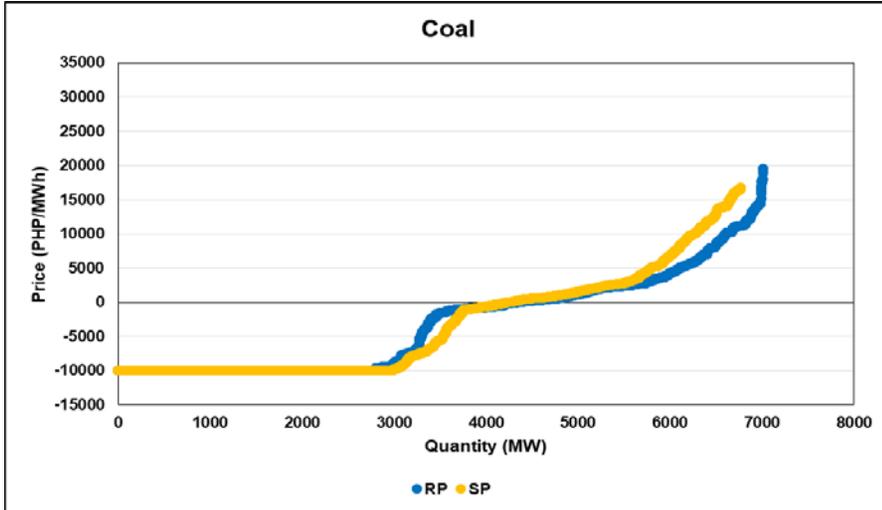
OFFER PATTERN ANALYSIS

Legend

RP: Reference Offer Price – the week of 02-08 Aug 2021 was used as a control for the comparison with the subject price

SP: Subject Offer Price – the week of 09-15 Aug 2021

Note: Pmin capacities were excluded in this Offer Pattern Analysis.



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 bilateal 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.

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