

## PEMC MARKET ASSESSMENT HIGHLIGHTS

· The average demand and the reserve schedule, recorded at 9,741 MW during the week of 17 - 23 Jan 2022, was higher than the previous week at 9,463 MW and lower than the same week last year at 9,919 MW. Alert Level 3 was extended until the end of January in Metro Manila, Cavite, Baguio City, and 80 other areas.

· The WESM registered capacity stood at 21,100 MW at the end of the week.

· An average supply margin of 630 MW was observed during the week, which is lower by about 6% relative to the previous and about 71% in comparison with the same week last year. The tightest supply margin during the week was observed on 23 January 2022 01:10 at 17.49 MW. The average supply margin was 551.79 MW at peak intervals and 691.17 MW at off-peak intervals.

· The outage capacity averaged at 4,876 MW, lower than last week's 5,258 MW. About 75% involved Coal plants, while in terms of category, about 50% were Planned Outages.

· The average effective supply during the week was 10,371 MW, higher than the 10,131 MW of the previous week and lower than the 12,124 MW during the same week last year. Ramping limitations in generators' offers persisted causing reduction in the effective supply.

· Average GWAP was recorded at PHP 8,416/MWh from PHP 7,628/MWh last week. This is higher than the PHP 2,808/MWh during the same week last year. The Market Suspension on Visayas (excluding Bohol island) was lifted by the ERC on 17 January 2022 10:01. Bohol island was still under Market Suspension.

· The secondary price cap was imposed on 616 intervals out of the 2,016 intervals of the week (about 31% of the time).

· 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 –

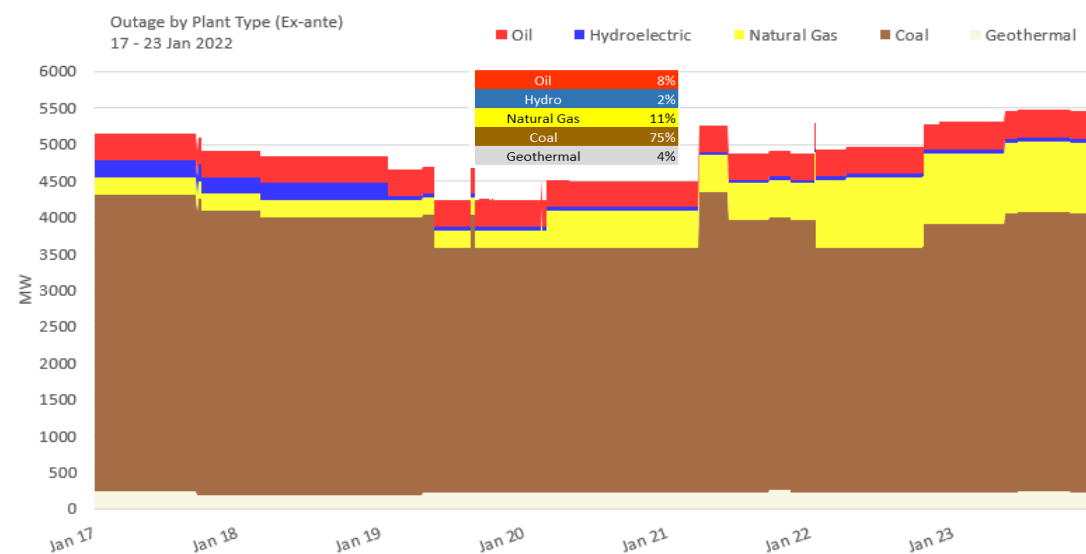
1. STA RITA NGPP (about 65.77% of the time)
2. ILIJAN NGPP (about 57.09% of the time)
3. PAGBILAO CFTPP (about 55.41% of the time)
4. SUAL CFTPP (about 42.01% of the time)
5. SMC LIMAY CFTPP (about 41.22% of the time)

· More capacity was offered by coal plants during the week compared to the previous week. In terms of average offer prices, coal and hydro plants showed a decrease, especially in the last portion of their offer curves. Meanwhile, oil-based plants offered its first 1,000 MW at higher prices.

## IEMOP MARKET SYSTEMS ADVISORY

· No IT-related issue was advised in IEMOP's market systems from 17 - 23 Jan 2022.

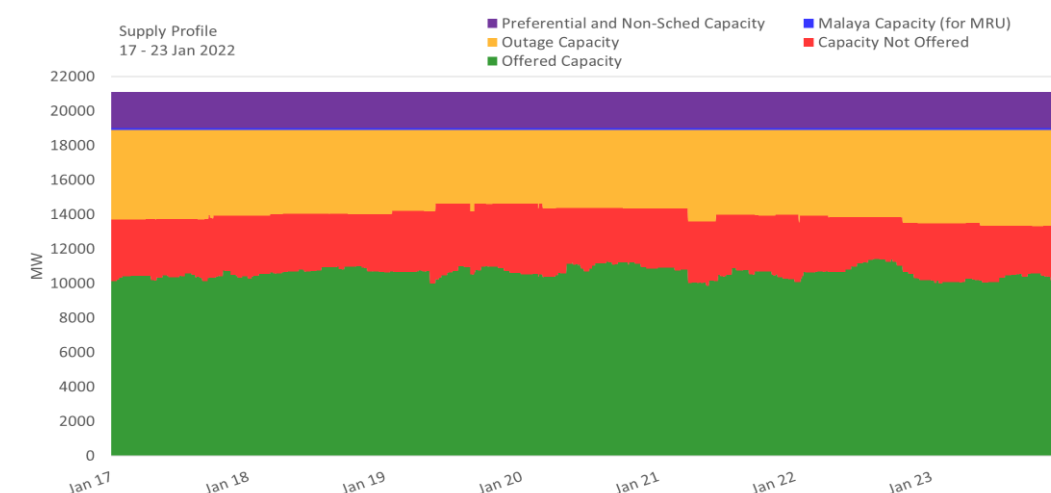
## OUTAGE CAPACITY BY PLANT TYPE



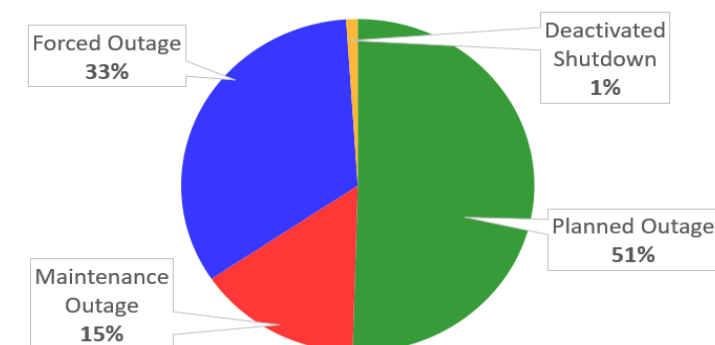
## SUMMARY (PRICE, SUPPLY, DEMAND AND RESERVE SCHEDULE)

Particulars		17 - 23 Jan 2022	Previous Week (10 - 16 Jan 2022 )	Same Week, Previous Year (11 - 17 Jan 2021)	Percent Change From	
					Previous Week	Same Week, Prev Year
GWAP (PHP/MWh)	max	33,020.51	29,740.47	21,339.95	11.03%	54.74%
	min.	-8,358.78	-565.79	1,380.94	-1,377.36%	-705.30%
	w. ave.	8,416.20	7,627.85	2,807.66	10.34%	199.76%
Effective Supply (MW)	max	11,869.74	11,875.21	13,289.48	-0.05%	-10.68%
	min.	8,760.95	8,582.12	11,226.81	2.08%	-21.96%
	ave.	10,370.89	10,131.43	12,124.41	2.36%	-14.46%
System Demand (MW)	max	10,662.19	10,995.81	10,471.85	-3.03%	1.82%
	min.	7,162.18	7,181.92	6,754.83	-0.27%	6.03%
	ave.	9,055.03	8,983.99	8,762.41	0.79%	3.34%
Demand + Reserve Schedule (MW)	max	11,339.46	11,272.66	11,681.25	0.59%	-2.93%
	min.	7,697.18	7,705.92	7,906.63	-0.11%	-2.65%
	ave.	9,741.12	9,462.86	9,919.24	2.94%	-1.80%
Supply Margin (MW)	max	1,358.16	1,302.73	3,498.76	4.26%	-61.18%
	min.	17.49	114.00	936.22	-84.66%	-98.13%
	ave.	629.77	668.57	2,205.17	-5.80%	-71.44%

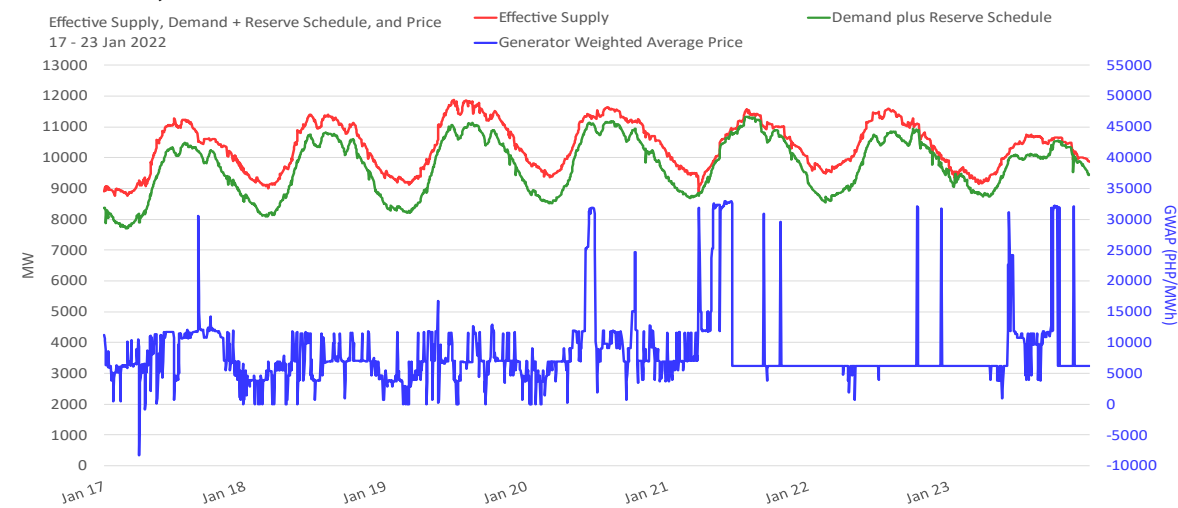
## SUPPLY PROFILE



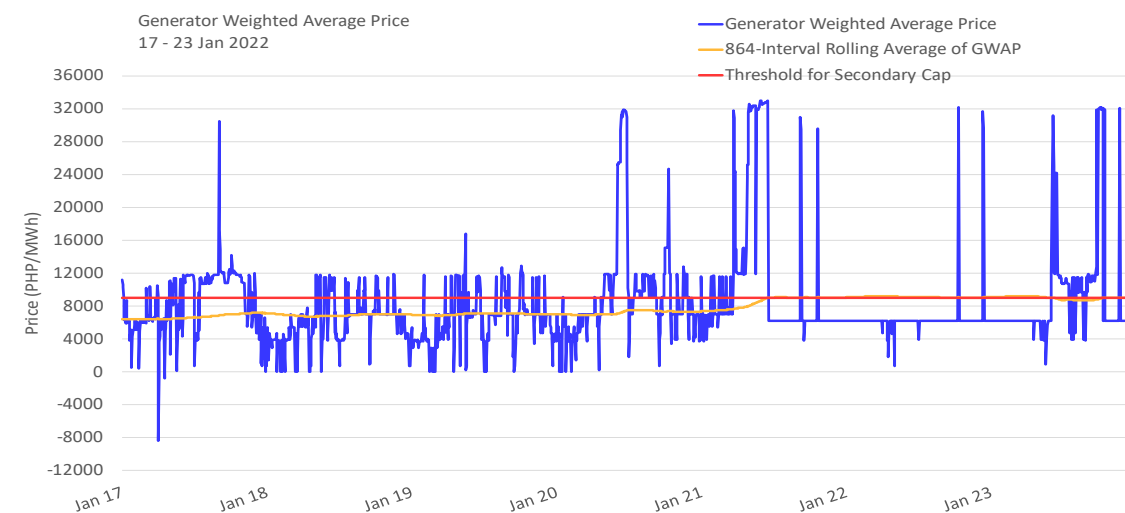
## OUTAGE CAPACITY BY OUTAGE CATEGORY



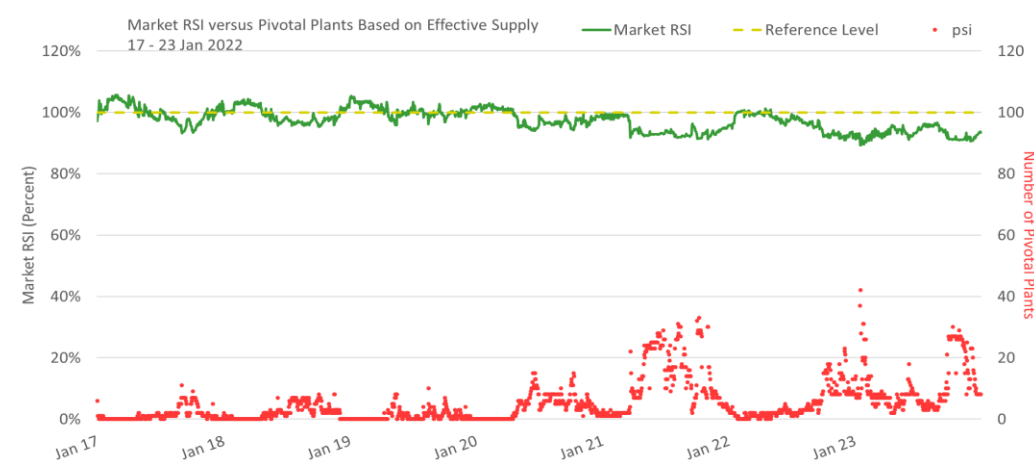
## SUPPLY, DEMAND AND PRICE



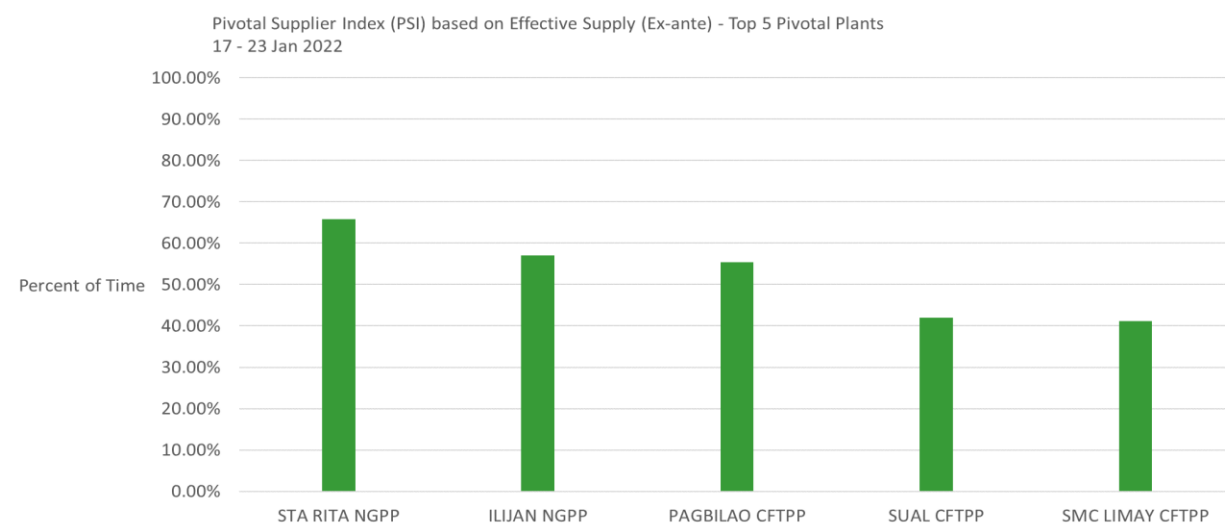
## GENERATOR WEIGHTED AVERAGE PRICE



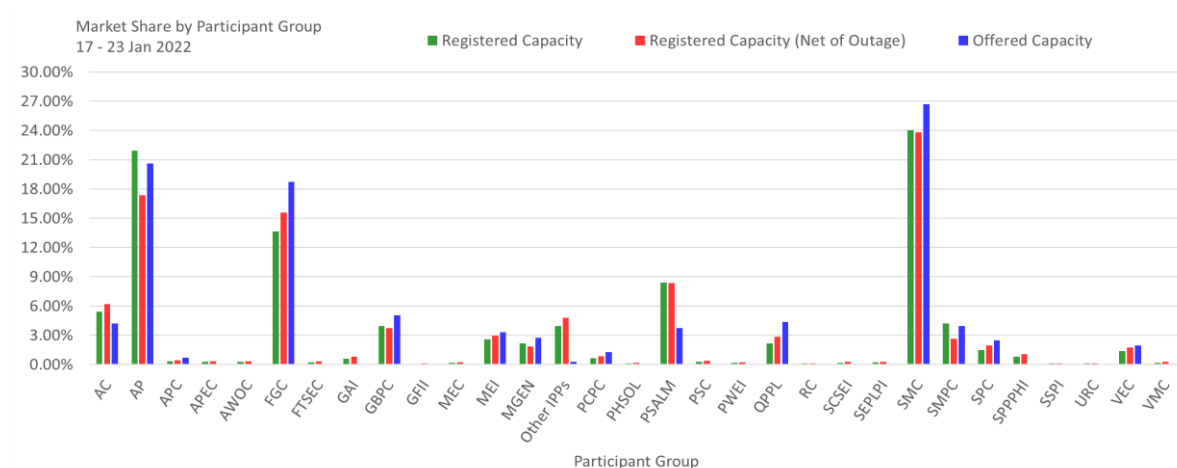
## MARKET RSI VS PIVOTAL PLANTS



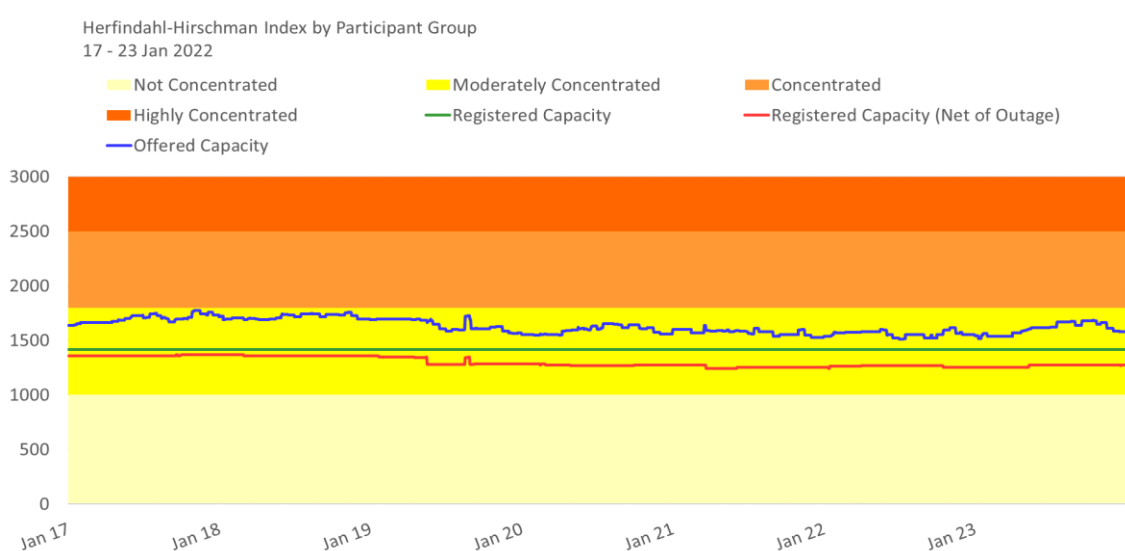
## PSI



## MARKET SHARE



## HERFINDAHL-HIRSCHMAN INDEX

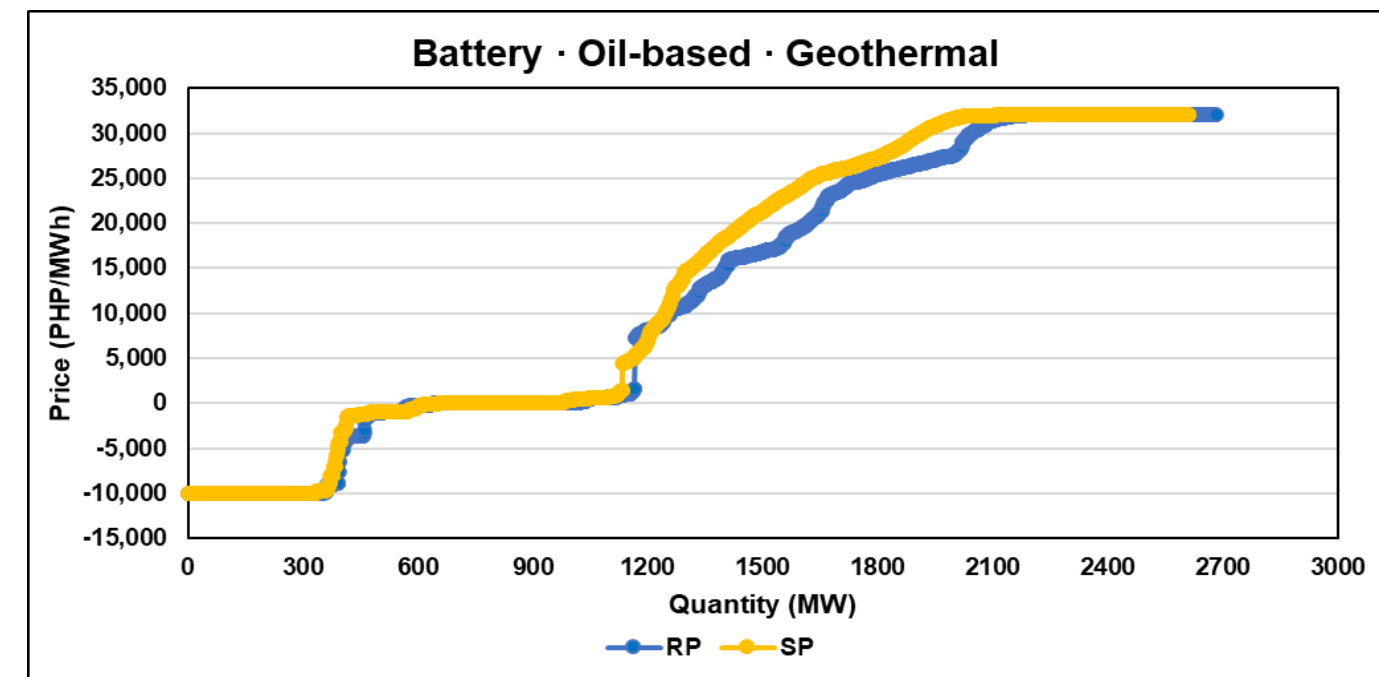
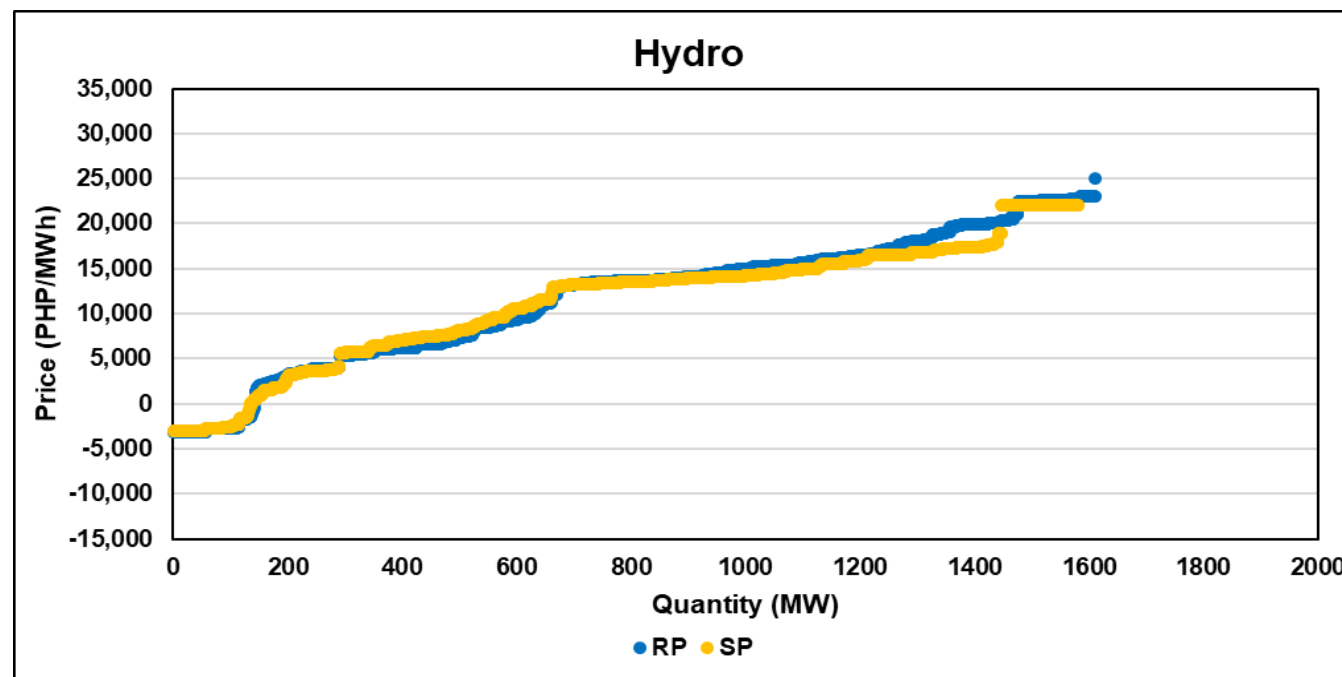
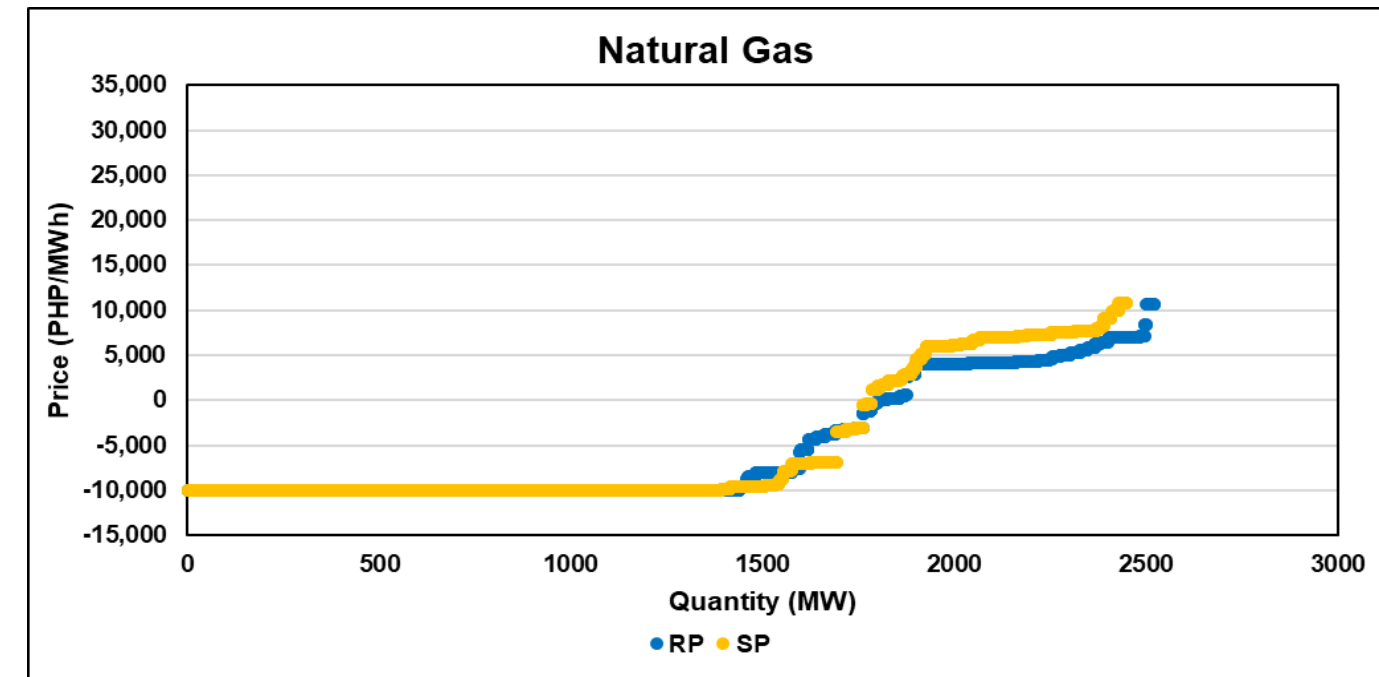
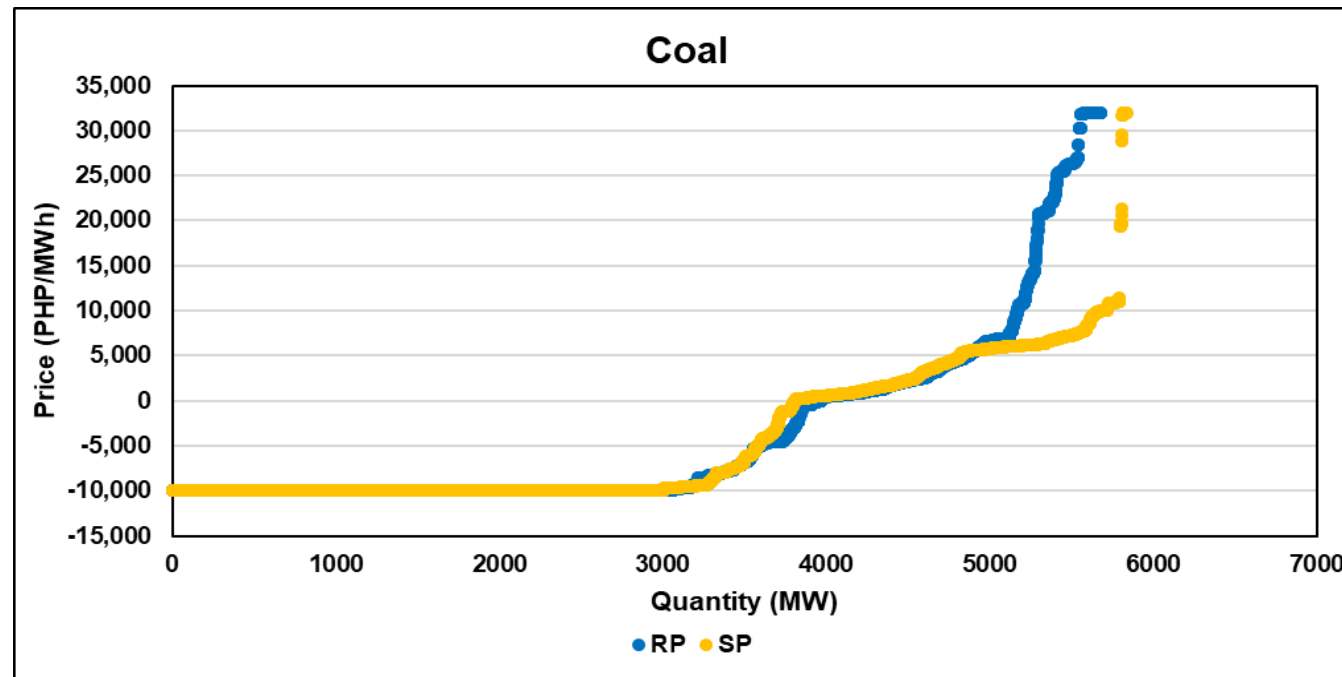


## OFFER PATTERN ANALYSIS

### Legend

RP: Reference Offer Price – the week of 10-16 Jan 2022 was used as a control for the comparison with the subject price

SP: Subject Offer Price – the week of 17-23 Jan 2022



**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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