



# **Market Surveillance Committee Quarterly Accomplishment Report**

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**01 October to 31 December 2024**

## **JANUARY 2025**

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

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## 1.0 Executive Summary

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

In performing its responsibilities, the MSC conducted regular 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 exercised a hybrid setup in conducting its meetings, where at least once every quarter, the meeting will be held physically at the PEMC Office, while the rest shall be conducted through online platforms (e.g., Microsoft Teams or Zoom). Accordingly, during the 4<sup>th</sup> quarter of 2024, the MSC conducted the following regular meetings:

- Regular Meeting No. 2024-12 held on 17 October 2024 (Online)
- Regular Meeting No. 2024-13 held on 20 November 2024 (Online)
- Regular Meeting No. 2024-14 held on 10 December 2024 (Face-to-Face)

The MSC Accomplishments during the covered period are summarized in the succeeding sections of this Report.

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

Activities	
<b>Preparation of periodic market reports and unusual Market Outcomes</b>	<ul style="list-style-type: none"> <li>○ Market Assessment Reports (monthly, quarterly, and annual)</li> <li>○ Over-riding Constraints Reports (monthly, quarterly, and annual)</li> <li>○ Retail Market Assessment Reports (quarterly and annual)</li> <li>○ Review Reports on Market Intervention and Suspension Events</li> <li>○ Notable Market Outcome Reports (upon occurrence)</li> </ul>
<b>Review / Submit proposed amendments to the WESM Rules / Manuals</b>	<ul style="list-style-type: none"> <li>○ Review and submit comments / inputs to the Call for Comments from the Rules Change Committee on the following proposed amendments: <ul style="list-style-type: none"> <li>• Proposed General Amendments to the WESM Manual on Ancillary Services Monitoring (ASM) regarding Reserve Conformance Standards</li> <li>• 9th Audit of the Market Operations</li> <li>• Proposed General Amendments to the WESM Manual on Dispatch Protocol on Issuance and Coverage of Dispatch Schedules below Minimum Stable Load</li> </ul> </li> </ul>

<sup>1</sup> 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.*

Activities	
Coordination meetings with other Agencies & Entities	<ul style="list-style-type: none"><li>○ Coordination meetings with the Market Operator and System Operator on the Market Intervention and Suspension events</li></ul>
Other Activities	<ul style="list-style-type: none"><li>○ Initial Discussion on the Proposed Amendments to the WESM Rules and Market Manuals on the Review of Rules Changes to the WESM Penalty Manual and Enhancement Market Surveillance Committee Processes</li><li>○ Discussion on the Proposed Methodology for Initial ACB monitoring</li><li>○ Initial Observation on the Ramp Rates and BCQ Declaration</li><li>○ Discussion on the Adopting of Further Amendments to the WESM Rules and Manuals on Dispatch Protocol and Market Surveillance regarding Refinements to Procedure during Market Intervention/Market Suspension</li><li>○ Request to the Technical Committee regarding the Study on the Islanding Scenario in relation to the 17 August 2024 Market Intervention Event</li><li>○ Attendance to the WESM Compliance Officer (WCO) Summit</li></ul>

**2.0 Activities on Market Monitoring and Assessment**

**2.1 Assessment of Market Outcomes in the Wholesale Electricity Spot Market**

**2.1.1 Monitoring and Assessment of Market Outcomes in the WESM**

Pursuant to its mandate under Section 3.1 (b)<sup>2</sup> of the MSM, the MSC continued with its monitoring and assessment of market outcomes, as well as the bidding behavior of generator-trading participants (TPs).

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).

**2.1.1.1 Monthly Market Assessment Reports**

During the quarter, the MSC assessed WESM results for the billing periods of August 2024 to October 2024, as discussed in the Monthly Market Assessment highlights prepared by MAG. The highlights of which are as follows:

Billing Period	Date Discussed	MSC Assessment Highlights
August 2024	17 October 2024	<p>It was noted that the total registered capacity in the WESM increased by 46.4 MW, or approximately 0.16%, as compared to the previous billing period. The effective supply increased by 4% influenced by the decrease in the System-wide outage by 5%. Moreover, the demand plus reserve requirement also increased by 5% resulting in a decrease in the average supply margin of 9%. Consequently, WESM prices increased from PHP 5,686/MWh to PHP 6,200.01/MWh.</p> <p>During this period, there was no observed red or yellow alert issuance by the SO. However, several market intervention events were recorded. On 15 August 2024, an MI was declared due to failure of the Market Management System (MMS) to transfer Real-time Dispatch (RTD) results to the SO during the deployment of enhancement to the MMS affecting one (1) trading interval. Additionally, another declaration occurred on 17 August 2024 attributable to the failure of the MMS to generate RTD solution affecting three (3) trading intervals.</p>

<sup>2</sup> 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*

Billing Period	Date Discussed	MSC Assessment Highlights
September 2024	20 November 2024	<p>It was noted that the total registered capacity in the WESM increased by 26.5 MW, or approximately 0.09%, as compared to the previous billing period. The effective supply decreased by 0.3% despite the decrease in capacities on outage by 19%. Moreover, the demand plus reserve requirement also decreased by 0.99%, mainly due to the ongoing rainy season having colder weather temperature, coupled with work and school suspension due to typhoons, resulted in the decrease in demand. As a result, WESM prices decreased from PHP 6,200/MWh to PHP 4,011/MWh.</p> <p>In terms of market structure, San Miguel Corporation (SMC) had the highest percentage of share in terms of registered capacity, offered capacity, and actual generation. However, Aboitiz Power (AP) led in terms of spot exposure in the market, which suggests that most of SMC's traded energy was tied to bilateral contracts, with only 27% exposed to the spot market of its total metered quantity, resulting in 14% of the total spot exposure. In terms of market concentration, the Herfindahl-Hirschman Index (HHI) indicates that the market was not concentrated for all measures used during the period, which suggests that the market power is distributed among multiple participants. Average spot quantities of load accounted for 21.67%.</p> <p>Looking at the reserve market, it was observed that 16% of the 29,431.8 MW registered capacity was allocated to the reserve market, most of which comes from oil-based plants.</p>
October 2024	10 December 2024	<p>It was noted that the total registered capacity in the WESM increased by 45.8 MW, or approximately 0.16%, as compared to the previous billing period. The effective supply started to increase by an average of 1.58% despite the increase in capacities on outage by 29%. Moreover, a 2% increase in demand was noted even amidst the suspension of classes and government office operations during the onslaught of Typhoons Julian and Kristine. As a result, WESM prices increased from PHP 4,011/MWh to PHP 4,613.74/MWh.</p> <p>SMC still had the highest percentage share in the registered and offered capacity. This resulted in SMC to be the group with highest percentage share in terms of actual generation, suggesting that most of its offered capacity has been dispatched. However, the AP continued to lead in terms of spot exposure in the market. In terms of market concentration, the HHI indicates that the market was not concentrated for registered capacity, offered capacity and the metered quantity.</p>

MARs are prepared upon availability of the processed and validated data received from both Market Operator and System Operator.

### **2.1.1.2 Q3 2024 Market Assessment Report**

The MSC reviewed the results of the market assessment report for the 3<sup>rd</sup> quarter of 2024. Highlights of the report are as follows:

- The total registered capacity in the WESM reached 29,481.3 megawatts (MW). This represents a 4.16% increase, or an additional 1,176.9 MW compared to the 28,304.4 MW recorded on 25 June 2024. While the WESM recorded a high registered capacity during the quarter, there were instances of unavailability due to recorded outages, averaging at 3,766 MW or 13% of the total registered capacity. Additionally, capacities not offered/nominated in the market averaged at 4,632 MW or 16% of the total registered capacity.
- The overall system demand for electricity decreased by an average of 6% during this period. This decline was expected given that the summer season concluded, and third quarter falls under the rainy season.
- The market prices during the third quarter of 2024 significantly decreased compared to the previous quarter, primarily due to reduced demand requirements. Throughout the third quarter of 2024, there were noticeable price spikes during off-peak hours.
- Congestions were observed in three critical transmission lines: the Maasin-Ubay line and Barotac Viejo-Dingle Lines 1 and 2. These lines experienced congestion for a total of 8,929 trading intervals, representing 34% of the total intervals in the quarter.
- Among the baseload power plants, coal power plants remained with the highest utilization rate during the quarter holding the highest percentage share of registered capacity and consistently contributed to the largest portion of electricity generation.
- The load-trading participants' spot market transactions declined in the third quarter of 2024, ranging from 17 to 25%, compared to only 20 to 31% in the previous quarter.

## **2.1.2 Review of Over-riding Constraints**

Pursuant to MSM Section 3.1 (b.iii)<sup>3</sup>, the MSC reviewed the assessment results on the imposition of over-riding constraints which provide for the summary of impositions from the System Operator (SO) to generator-TPs for the August to October 2024 billing periods.

### **2.1.2.1 Monthly Over-riding Constraints**

During the quarter, the MSC monitored the Over-riding Constraints (OC) imposition for the billing periods of August to October 2024, as discussed in the report prepared by MAG. The highlights of which are as follows:

<sup>3</sup> MSM Section 3.1(b) The MSC shall have following responsibilities: (a) xxx; (i) Review Over-Riding Constraints; xxx



Billing Period	Date Discussed	Highlights
August 2024	17 October 2024	<ul style="list-style-type: none"> <li>A 3.15% net decrease in OC during the billing period was observed due to: <ul style="list-style-type: none"> <li>Decrease in impositions for Luzon plants attributable to the conduct of commissioning tests, with the issuance of Final Certificate of Authority to Connect (FCATC) for five (5) plants (3 solar, 1 battery, and 1 hydro); and</li> <li>Drop in the number of impositions related to ancillary services test, performance test, Net Contracted Capacity (NCC) test, and Must-Run Units (MRU).</li> </ul> </li> <li>Despite the net decrease, the increase in OC in the Visayas plants may be attributable to the surge in various tests conducted (ancillary service, commissioning, emission, and performance tests).</li> <li>Similarly, the Mindanao plants had a slight increase in OC with plants being dispatched as MRU due to system voltage requirements, and an increase in the commissioning tests imposed in the area.</li> <li>Out of twenty-three (23) plants under commissioning test, eleven (11) power plants were with recorded multiple extensions of Provisional Certificate of Approval to Connect (PCATC), seven (7) were issued with FCATCs, and five (5) with new PCATCs.</li> </ul>
September 2024	20 November 2024	<ul style="list-style-type: none"> <li>A 13.04% net decrease in OC during the billing period was observed due to: <ul style="list-style-type: none"> <li>Drop in the number impositions for Luzon and Mindanao plants attributable to the conduct of commissioning tests, and other tests under commercial and regulatory requirements, and slight decrease with Mindanao plants being dispatched as MRU caused by system voltage requirements.</li> <li>One (1) hydro plant issued with FCATC after 12 noted extended PCATCs.</li> </ul> </li> <li>Despite the net OC decrease experienced during the covered period, there was an observed surge in the impositions related to Visayas plants, mainly due to the conduct of commissioning tests.</li> <li>Despite the effectivity of FCATC and the fact that plants were already commercially operating, three (3) power plants were imposed with commissioning tests.</li> <li>Out of twenty-three (23) plants under commissioning test, sixteen (16) power plants were with recorded multiple extensions of PCATC, one (1) was issued with FCATC, two (2) with new PCATCs, one (1) with extended Certificate to Energize (CTE), and three (3) plants with security limits.</li> </ul>



Billing Period	Date Discussed	Highlights
October 2024	10 December 2024	<ul style="list-style-type: none"> <li>A 5.61% net increase in OC was observed due to: <ul style="list-style-type: none"> <li>Rise in the number of impositions for Luzon plants attributable mostly to the conduct of commissioning tests and ancillary service tests under commercial and regulatory requirements.</li> <li>Surge in the number of impositions related to MRUs in Mindanao region to address the system voltage requirement in the area.</li> <li>Ten (10) new PCATCs issued mostly to Luzon plants while thirteen (13) extended their respective PCATCs.</li> </ul> </li> <li>There was an observed decrease in the impositions related to Visayas plants, mainly due to the decrease in the conduct of commissioning test but had increase in the impositions related to commercial and regulatory requirements.</li> <li>Due to the observed increase in OC for the dispatched MRUs in Mindanao, the MSC recommended the establishment of accountability for the management and dispatch of MRUs to ensure a more efficient response to the system voltage requirements, stability, and grid reliability.</li> </ul>

The Committee likewise discussed the recent updates from IEMOP on the status of plants under commissioning test. The complete and approved reports were duly published on the PEMC website for information.

#### 2.1.2.2 Q3 2024 Over-riding Constraints Report

The MSC reviewed the monitoring of over-riding constraints for the 3<sup>rd</sup> quarter of 2024. Highlights of the report were as follows:

- Similar to the previous quarterly reports, over-riding constraints impositions were dominated by non-security limit while the remaining impositions were categorized as security limits which were all related to MRUs of oil-based plants which experienced a decline.
- Impositions related to the conduct of commissioning tests dropped towards the end of the quarter mainly due to issuance of FCATC following the successful completion of various Solar plants as well as plants which did not conduct tests towards the end of the period in review.
- Year-on-year comparison revealed that a significant increase in commissioning tests was prevalent with a surge in the number of plants / facilities being imposed with over-riding constraints.
- Overall, renewable energy plants (such as Solar and Wind) continue to accumulate the greatest number of impositions due to the conduct of commissioning tests. There was an observed increasing trend across all plant types except for solar, coal,

battery, and oil-based plants which showed an opposite trend with a decreasing trend towards the end of the quarter, with the completion of commissioning test by several plants.

- Multiple extensions to the PCATC were granted to various plants allowing them to proceed with commissioning tests more than the prescribed period under the DOE DC2021-06-0013<sup>4</sup>.

### 2.1.3 Market Trigger and Interesting Pricing Events

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
September 2024	A total of 165 price spike events occurred across the integrated Luzon, Visayas, and Mindanao regions. Among these, 133 occurred during peak hours while the remaining 32 occurred during off-peak hours. Also, 23 days out of the 31 days of the September 2024 billing period had price spike events. Trading hour 1900h was noted to have had the highest number of spike events.
October 2024	A total of 263 price spikes occurred across the integrated Luzon, Visayas, and Mindanao regions. Among these, 233 occurred during peak hours while the remaining 30 occurred during off-peak hours. Also, 25 days out of the 30 days of October 2024 billing period had price spike events. Trading hour 1900h was noted to have had the highest number of spike events.
November 2024	A total of 87 price spike events across the integrated Luzon, Visayas, and Mindanao regions. Among these, 58 occurred during peak hours while the remaining 29 occurred during off-peak hours. Also, 22 days out of the 31 days of the November 2024 billing period had price spike events. Trading hour 1800h was noted to have the highest number of spike events.

### 2.1.4 Review of Market Intervention Events

The MSC discussed the results of MAG's assessment on Market Intervention (MI) events which occurred from May to August 2024, in consideration of the available information provided on the submitted reports and supporting documents by either the National Grid Corporation of the Philippines – System Operator (NGCP-SO) or the Independent Electricity Market operator of the Philippines – Market Operator (IEMOP-MO).

The summary of the incidents is provided in the table below, which were all found to be justified:

<sup>4</sup> Adopting a General Framework Governing the Test and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network

Date	Declared by	Intervals	Region/s Affected	Classification	Reason
17 May 2024	SO	86 intervals (0855h – 1600h)	Visayas	Emergency	Implementation of Manual Load Dropping (MLD) to prevent overloading of Ubay-Maasin 138kV Line.
21 May 2024	SO	3 & 4 intervals (1335h – 1405h), (1635h – 1650h)	Visayas	Emergency	Implementation of MLD to prevent overloading of Ubay-Maasin 138kV Line.
22 May 2024	SO	4 & 37 intervals (1155h – 1210h), (1245h – 1545h)	Visayas	Emergency	Implementation of MLD to prevent overloading of Ubay-Maasin 138kV Line.
10 October 2024	MO	9 intervals (1015h - 1055h)	Luzon, Visayas, Mindanao	Force Majeure	Shutdown of IEMOP Market systems brought about by failure of the Uninterruptible Power Supply (UPS) to function during a power fluctuation incident in the IEMOP Market Operator Center.
13 November 2024	SO	19 intervals (1535h – 1705h)	Visayas	Force Majeure	Unavailability of real-time data from the Visayas System Operator due to the down state of the Visayas Inter-Control Center Communications Protocol (ICCP) data source.

## 2.2 Assessment of the Retail Market – Retail Competition and Open Access (RCOA) and Green Energy Option Program (GEOP)

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, as provided for under the Retail Market Assessment Reports, which discusses the results of monitoring indices and provide indications on how the retail market, covering both the RCOA and GEOP, performed during the period in review.

During the covered period, the MSC reviewed the Retail Market Assessment Report on the RCOA and GEOP for 26 January to 25 April 2024 billing period, as submitted by MAG. Some highlights of the reports are as follows:

### 2.2.1 Monthly Retail Market Assessment Highlights

Billing Period	Date Discussed	Highlights
August 2024	17 October 2024	<ul style="list-style-type: none"> <li>• <b><u>RCOA</u></b> <ul style="list-style-type: none"> <li>○ Twenty-seven (27) new Contestable Customers (CCs) registered during the August 2024 billing period, eighteen (18) of which came from Luzon.</li> <li>○ Six (6) of the newly registered CCs came from Mindanao which brought the total no. of CCs in the region to eleven (11).</li> <li>○ Sixteen (16) out of eighteen (18) switches were due to expiration of supply contracts.</li> <li>○ Minimal movement was observed in the number of CCs of suppliers, even for the MERALCO and Aboitiz Groups, which hold the largest market shares.</li> <li>○ Looking at the month-to-month comparison, Yuchengco Group had no consumption and customers since June 2024. Meanwhile, all major supplier groups, including those without affiliates, experienced minimal changes as the year progressed.</li> </ul> </li> <li>• <b><u>GEOP</u></b> <ul style="list-style-type: none"> <li>○ Thirty-one (31) new GEOP End-Users (GEUs) were noted to have entered the program.</li> <li>○ One (1) GEU switched to another Renewable Energy Supplier (RE Supplier).</li> <li>○ Ayala Group continued to increase its market share in terms of number of GEUs and consumption in GEOP, as new GEUs enters the program and chose them as their RE Supplier.</li> <li>○ Similarly, the MERALCO Group observed a continued increase in number of GEUs and its consumption starting in May 2024.</li> </ul> </li> </ul>
September 2024	20 November 2024	<ul style="list-style-type: none"> <li>• <b><u>RCOA</u></b> <ul style="list-style-type: none"> <li>○ Nineteen (19) new Contestable Customers (CCs) registered during the September 2024 billing period, thirteen (13) of which came from Luzon.</li> <li>○ Additional five (5) new CCs in Mindanao registered under the RCOA bringing the total no. of CCs in the region to sixteen (16).</li> <li>○ Three (3) CCs were noted to have transferred from the RCOA program to the GEOP.</li> <li>○ Both the shares in the number of customers and consumption remained relatively consistent during the</li> </ul> </li> </ul>

Billing Period	Date Discussed	Highlights
		<p>September 2024 billing period. This trend was evident since March 2024 and suggests that the share in the RCOA program is dominated by Aboitiz and MERALCO Group for more than half of 2024.</p> <ul style="list-style-type: none"> <li>• <b><u>GEOP</u></b> <ul style="list-style-type: none"> <li>○ Twenty-seven (27) new GEOP End-Users (GEUs) were noted to have entered the program during the September 2024 billing period.</li> <li>○ Four (4) switches from GES to another GES were noted during the billing period while three (3) CCs from RCOA transferred to GEOP.</li> <li>○ One (1) GEU has reverted to being Captive Customer.</li> <li>○ The Ayala Group continues to grow its share throughout 2024, nearing a 60% market share. This growth may be attributed to their extensive Renewable Energy portfolio, allowing them to offer capacities in line with this program.</li> <li>○ On the other hand, while the Aboitiz and MERALCO groups also have presence in renewable energy, their focus on other areas might be contributing to their smaller share in the GEOP.</li> </ul> </li> </ul>
October 2024	10 December 2024	<p><b><u>RCOA</u></b></p> <ul style="list-style-type: none"> <li>○ Fourteen (14) new CCs registered, twelve (12) of which came from Luzon.</li> <li>○ Twelve (12) out of the eighteen (18) switches during the October 2024 were CCs with expiring contract which opted to sign with other suppliers.</li> <li>○ 61% of the eighteen switches in October 2024 opted to sign with a new affiliate under difference MPG, suggesting the CCs are exploring their options with other MPGs, which promotes competition in the RCOA.</li> <li>○ Additional two (2) CCs transferred from RCOA to GEOP, both of which previously had a contestability of 1MW.</li> <li>○ Two (2) CCs ceased during the period as they transfer service to another customer.</li> <li>○ The market share of MPGs has remained relatively the same since July 2024, with no significant changes observed during the October billing period.</li> </ul> <p><b><u>GEOP</u></b></p> <ul style="list-style-type: none"> <li>○ Twenty-eight (28) new GEOP End-Users (GEUs) were noted to have entered the program.</li> <li>○ Two (2) CCs from RCOA transferred to GEOP both of which are categorized to 100kW contestability.</li> <li>○ The Market share for energy consumed by the Ayala Group reached 60%, while its share of GEOP end-users is now 59%.</li> </ul>

Billing Period	Date Discussed	Highlights
		<ul style="list-style-type: none"> <li>The Ayala Group continues to grow its share throughout 2024, reaching 60% in terms of end-user's consumption. This growth may be attributed to their extensive Renewable Energy portfolio, allowing them to offer capacities in line with this program.</li> </ul>

## 2.2.2 Q3 2024 Retail Market Assessment Report

### RCOA

- There were sixty-three (63) recorded initial switches<sup>5</sup>, four (4) CCs were observed to have transferred from Green Energy Option Program (GEOP) to RCOA, and four (4) cessations which all yielded to an additional fifty-five (55) registered CCs for 3rd quarter of 2024, thereby raising the total tally of registered CCs in the market to 2,106, which is equivalent to 57% of the entire population of eligible end-users.
- 32 out of 44 registered RES and 2 out of 15 registered Local RES have active / subsisting contracts with CCs.
- In terms of per major participant grouping, calculations based on the Herfindahl-Hirschman Index (HHI) indicated that for 3rd quarter of 2024, the market saw a continuous decline in concentration from 3rd quarter of 2023. However, the market remained to be moderately concentrated in both the no. of CCs engaged and the energy consumptions served.
- MERALCO Group remained as the top major participant grouping in terms of the no. of CCs served at 33%, same level from the previous quarter.
- In terms of CC consumption, the Aboitiz Group remained to be on top with the most no. of CCs, serving 28% of the total consumption of CCs.
- The Weighted-Average Retail Generation Rates<sup>6</sup> was 24% lower compared to DU<sup>7</sup> Average Generation Rates. This rate reduction was experienced by the participants engaged with a Supplier in the RCOA.

### GEOP

- There were sixty-four (64) additional recorded initial switches to become registered GEOP End-Users, equivalent to a 18 % increase from the previous quarter, with a total tally of registered GEOP End-Users in the market at 423. 4.3% of the registered GEOP End-Users were within the RCOA threshold.

<sup>5</sup> Commercial transfer of CC from the DU as its supplier under regulated service to a Supplier

<sup>6</sup> Based on ERC's CREM report

<sup>7</sup> MERALCO, VECO, and TEI

- There were 17 registered RE Suppliers, 1 Local RE Supplier, and 16 Suppliers of Last Resort (SoLRs), all of which were registered under GEOP. 59% of registered RE Suppliers are serving GEOP End-Users.
- Per major participant grouping, the calculations of the HHI indicated that the 3rd quarter of 2024 remained to be a highly concentrated market in both the no. of GEOP End-Users engaged and energy consumption served.
- The Ayala group continued to increase its market share in terms of no. of GEOP End-Users engaged at 56%, and 53% in terms of energy consumptions served.
- On a monthly basis, 1% of the energy served in the program includes purchases from the spot market. Although small in percentage share, there were portions of energy mix provided to end-users under the GEOP that may not be entirely from renewable sources.

The Quarterly Retail Market Assessment Report was approved by the MSC for submission to the PEM Board, the DOE, and the ERC, and was likewise published on the PEMC website.

### **2.3 Discussion on the Summary of Responses from Various Plants re Noted Extensions of PCATC**

Based on the observations noted in May 2024, the summary of responses gathered from various plants on their respective reasons for extensions of PCATC was discussed by the MSC. Plants which were still under commissioning test were highlighted. The summary and common reasons across all resource types were noted based on the responses received as follows:

- Failed Testing: Common in all categories due to unmet standards (e.g., SCADA, Power Quality, Governor Control)
- Technical or Mechanical Issues: Across all resource types, projects are delayed due to various technical problems (e.g., leaks in hydro plants, inverter/cable issues in solar)
- Resource Constraints: Insufficient natural resources (e.g., brine supply for geothermal or wind speed for wind power)
- External Factors: Force majeure, internal issues with contractor

Further, the Committee noted and adopted the following recommendations provided by the plants:

- Review the definition of Test and Commissioning to consider the size, technology, and resources needed by the facility, and the period of evaluation of the results of the test conducted until such time that the FCATC is issued by the Transmission Network Provider (TNP) or Distribution Utility (DU).
- To ensure that facilities are given adequate period to conduct thorough commissioning activities, considering their size, technology, and resource requirements. This



recommendation aims to provide a sufficient period for evaluating the results of the tests conducted.

- Review the provisions in Section 4.3.3. of DOE DC 2021-06-0013 to allow the continuous operation of the generation facility so long as it will not pose any threat to the grid pending the issuance of the FCATC and the Provisional Authority to Operate (PAO) or Certificate of Compliance (COC).

Similar with its recommendations in its letters to the ERC and the Grid Management Committee (GMC) as early as 2016, the MSC notes that the duration of testing and commissioning should depend on the type of generation facility. The MSC recommends revisiting the allowable period for conducting testing and commissioning and setting the allowable timeframe depending on the type of facility.

### **3.0 Coordination Meetings with Various Entities**

#### **3.1 Coordination with MO, SO, and Market Participant for Market Intervention Event for May 2024**

As part of the MSC's activities to gather necessary information to complete its assessment related to the market intervention, a coordination meeting with MO, SO, and Visayan Electric Company (VECO) was conducted.

During the meeting, it was clarified that there was no meeting between parties for the activities that will be held in the area where they conducted the drilling activity. Further, it was noted that NGCP deployed personnel to monitor the area but highlighted the lack of established procedures for such activities.

It was emphasized that NGCP's monitoring is not sustainable long-term and suggested preventive measures. The MSC added a recommendation for NGCP inventory of its land lots for underground cables to prevent damage.

The MSC noted the incident as a rule violation and discussed potential amendments. It was explained and mentioned that these standards are set by another body. Upon further discussion of the Committee, it was agreed and finalized that the MI events be attributed to the SO.

#### **3.2 Coordination with MO and SO for Market Intervention Events for October 2024**

Similar to the previous intervention event, the MSC conducted a coordination meeting with MO and SO to gather additional information and clarify the details of the October 2024 event and the sequence that leads to the intervention.

The MO explained to the Committee that they have coordinated the matter to the Uninterruptible Power Supply (UPS) vendor and found out that a series of power fluctuations caused damage to the static bypass switch. This damage eventually cascaded, affecting other parameters and resulting in a malfunction.

The MO clarified that it has an annual maintenance agreement with the UPS vendor, and that the vendor conducts preventive maintenance on a quarterly basis. As suggested by the UPS vendor, the MO repeated the conduct of preventive maintenance on 10 October 2024, to ensure that during the investigation period, the likelihood of the incident recurring would be mitigated, in case the issue stemmed from an electrical maintenance aspect.

Further details of the said incidents based on the coordination meeting were noted and considered by the Committee in its review report submitted to the PEM Board for review and approval.

### **3.3 Coordination with MO and SO for Market Suspension Event for May to June 2024**

The MSC was informed about the grid alert status during the summer of 2024, which led to several market suspension events on 23 – 25 May, 27 – 30 May, and 31 May – 03 June 2024. Under the WESM Rules and Section 30 of EPIRA, the ERC can suspend market operations during natural calamities or national security emergencies until the suspension is lifted and the MO and SO are notified.

On 30 April 2024, the ERC declared that the WESM Operations shall be suspended upon the issuance of Red Grid Alert Status by the SO, as extreme heat conditions continued during the summer months, leading to declarations of a State of Calamity.

The assessment of the MSC's report was based on the Market Suspension Reports submitted by MO and SO. For the concerned suspension events, the Committee received the corresponding reports with a significant number of days from the date the market resumed its operations.

It was clarified that even though non-hydro power plants were not allowed to conduct maintenance activities during summer periods, forced outages persisted, worsening the supply situation that led to the declaration of a Red Alert level of the Grid, and subsequently the suspension of the WESM operations in Luzon and Visayas. The necessity to add new generation capacity to the system to accommodate the annually increasing demand was emphasized during the coordination meeting.

After the deliberations, the MSC further deliberated the information gathered and approved the review report on the market suspension events during the summer months of 2024.

## 4.0 Other Activities and Accomplishments

### 4.1 Review of Various Department Circulars, Issuances, and Call for Comments

The MSC regularly reviewed various proposed amendments, department circulars, and/or resolutions in line with the Committee's mandates and responsibilities. This activity involved the following issuances:

- *Call for Comments to the Proposed General Amendments to the WESM Manual on Ancillary Services Monitoring (ASM) regarding Reserve Conformance Standards*

The proposed amendments to the reserve conformance standard were discussed, including corrections to response accuracy formulas, criteria for compliance, and timelines for monitoring and reporting breaches.

The MSC noted that the proposed amendments are running smoothly as per a report by PEMC – Enforcement and Compliance Department. Further, there is also an assurance that the proposed standards / metrics in the proposals are consistent with the Philippine Grid Code. With this, the MSC posed no objection to the proposal.

On the proposed formulas and assumptions, the MSC suggested for the proponent to test the integrity of the changes to ensure that it will hold true and be optimal considering the prevailing conditions of the market. This is to ensure that it will not result in any error or unrealistic outcomes in the future that may lead to wrong tagging and imposition.

- *Call for Comments for the 9th Audit of the Market Operations*

The MSC discussed and commented on the draft terms of reference for the 9<sup>th</sup> Market Operations Audit which includes the market software and systems review, process and compliance review, and bid-to-bill analyses. The highlights of the discussions are the following:

- The MSC suggested including Market Software and Systems Review and Certification, incident management review, change management, and problem management processes, maturity or the comprehensive risk registry in the management of the MMS, as well as the protocol of MO for cybersecurity attacks.
- Ensure that the audit team has multiple relevant qualifications/certifications, rather than just having at least one member with one of the qualifications / certifications.
- Ensure the auditors have an electricity market operations expert.

- *Call for Comments to the Proposed General Amendments to the WESM Manual on Dispatch Protocol on Issuance and Coverage of Dispatch Schedules below Minimum Stable Load*

The MSC reviewed and discussed the proposed amendments to the Dispatch Protocol, particularly regarding the issuance and coverage of dispatch schedules below minimum stable load. These amendments will include guidelines for dispatching generating units with real-time dispatch schedules below their minimum stable load, considering the obsolescence of the WESM Manual on Protocol for Central Scheduling and Dispatch of Energy and Contracted Reserves (PCSD manual). Additionally, it aims to provide guidelines for participants and plant operators to manage the dispatch of their generating units when their dispatch schedules fall below their minimum stable load or Pmin. Proposed rewordings and rearrangements were initially proposed by the Committee, subject to further review on the matter.

## **4.2 Proposed Amendments to WESM Rules and Market Manuals**

### **4.2.1 Initial Discussion on the Proposed Amendments to the WESM Rules and Market Manuals on the Review of Rules Changes to the WESM Penalty Manual and Enhancement Market Surveillance Committee Processes**

The MSC initially discussed the possible proposed amendments to the WESM Rules and Market Manuals to include procedures for any Rules Changes to the WESM Penalty Manual, classifications of the said amendments, and other enhancements to the MSC processes. The highlights of the discussions are the following:

- Adoption of the procedures similar to the practices of the Rules Change Committee (RCC) for the review of proposed amendments to the WESM Penalty Manual.
- Proposed criteria for urgent amendments (facilitation of the implementation of any regulation, circular, order, or issuances of the DOE/ERC, and harmonization of the manuals).
- Removal of ECO from the MSC's direct reporting lines due to realignment under the Compliance Committee.
- Reassess the timescales of reports in the Market Surveillance Manual to enhance efficiency and avoid overburdening technical staff. The proposal included removing quarterly reports in favor of monthly reports, depending on the significance of observations.

## **4.3 Discussion on the Proposed Methodology for Initial ACB monitoring**

The Committee was apprised on the proposed methodology for the initial monitoring of Anti-Competitive Behavior (ACB) focusing on generation offers, prices, quantities, and ramp rates. The proposed methodology includes gathering of necessary data, analysis, and setting unique thresholds for each resource. The next steps involve developing codes and queries, gathering data, and creating thresholds using statistical and mathematical methods.

It was clarified that the methodology and monitoring tool would be integrated with the current system to reduce human intervention and automatically flag observations. The MSC discussed integrating the monitoring system with existing systems and ensuring thresholds are based on consultant recommendations. The presented methodology is a workaround by MAD for monitoring ACB, as the development of the second phase of the ACB project is on hold due to budget constraints. Further, it was suggested to test the methodology for at least a month with confirmed flagging of ACB, followed by testing with larger data sets.

#### **4.4 Discussion on MAG's Initial Observation on the Ramp Rates and BCQ Declaration**

The MSC discussed its initial observations on the ramp rates and Bilateral Contract Quantity (BCQ) declarations highlighting the issues with ramp rate limitations and third-party procurement of BCQ capacities.

As a background, the initiative to review the behavior of trading participants procuring BCQ from third-party providers was also discussed, stemming from an appeal by PowerSource Philippines Energy Incorporated (PPEI). During the discussion, the MSC considered these behaviors as potential capacity withholding and suggested to investigate the reasons behind the practices and potential impact to the market. Further analysis and assessment will be undertaken by MAG.

#### **4.5 Discussion on the Adoption of Further Amendments to the WESM Rules and Manuals on Dispatch Protocol and Market Surveillance regarding Refinements to Procedure during Market Intervention/Market Suspension**

The Committee was apprised on the Amendments to the WESM Rules and Manuals on Dispatch Protocol and Market Surveillance regarding refinements to procedures during Market Intervention/Market Suspension. These proposals, submitted by both the MSC and the SO, aim to enhance the current procedures during market intervention/suspension events. Specifically, the MSC proposed to:

- Enhance the procedures in declaring MI/MS and the processes to streamline the Committee's assessment of these implementations and the activities undertaken by the SO and MO.
- Clarify the categorization of events as Transmission System-related or Market System-related.

Additionally, the MSC was informed that the recent DOE Department Circular adopted most of the MSC's proposals with modifications to some of the provisions. The MSC then noted the updates on further amendments to the WESM Rules and Manuals on Dispatch Protocol.

#### **4.6 Discussion on the Request to the Technical Committee regarding the Study on the Islanding Scenario in relation to the 17 August 2024 Market Intervention Event**

In view of the comments and observation of the PEM Board during its meeting last 23 September 2024, the MSC discussed and subsequently approved the proposed request to the Technical Committee (TC) for a study on the islanding situations in the market leading to the market intervention events and the possible recommendation in addressing this islanding situation. This request stemmed from the comment and suggestion from the PEM Board in relation to the attribution of the market intervention events in determining the root cause of the failure of the Market Management System's (MMS') to produce a feasible solution during the islanding situation.

#### **4.7 Participation to the WESM Compliance Officer 2024**

The MSC attended and participated in the WESM Compliance Officer 2024 on 24 October 2024 at Lapu-Lapu Grand Ballroom, Bai Hotel Cebu. The objective of the said summit was to bring together key stakeholders involved in the WESM, particularly compliance officers, to discuss regulatory developments, market operations, and the responsibilities of market participants in ensuring adherence to market rules and regulations.

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. Jose Roderick F. Fernando.