

Customer Effective Spot Settlement Price in the Wholesale Electricity Spot Market (WESM)

26 December 2018 – 25 December 2019

Effective Spot Settlement Price (ESSP) refers to the effective rate paid by the customers for their respective WESM transactions for each billing month. Figures 1 and 2 below show that in 2019, the 12-month ESSP average was recorded at PhP5,425/MWh, resulting in a 46.98% increase from the 2018 ESSP average of PhP3,691/MWh.

Figure 1. Average ESSP (2009-2019)

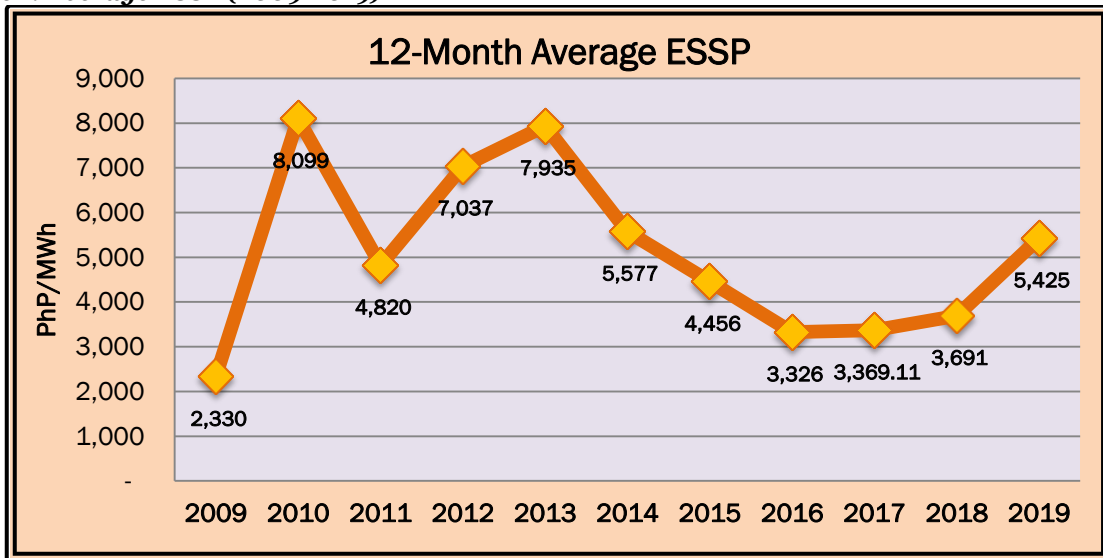
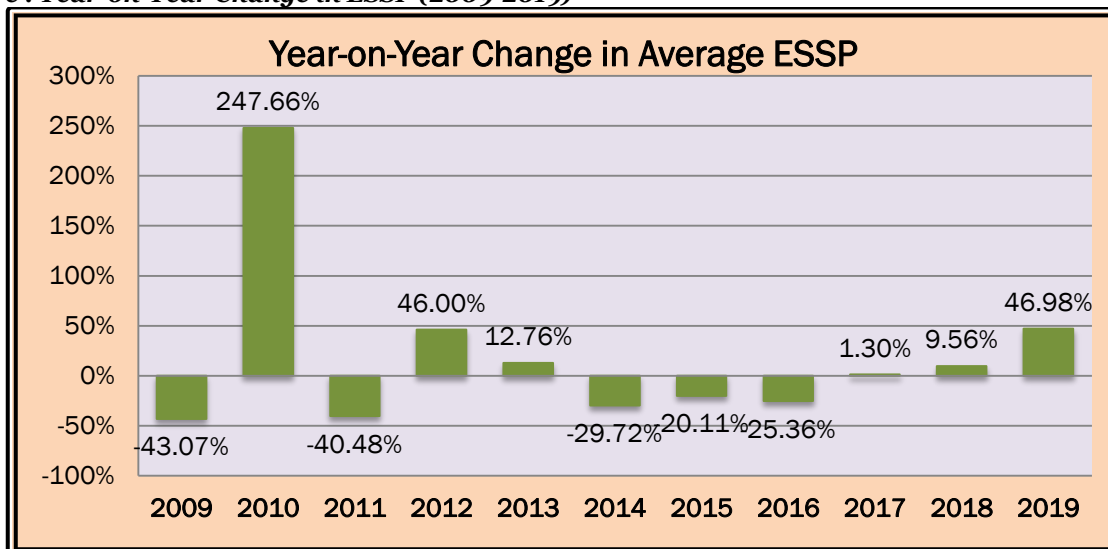


Figure . Year-on-Year Change in ESSP (2009-2019)



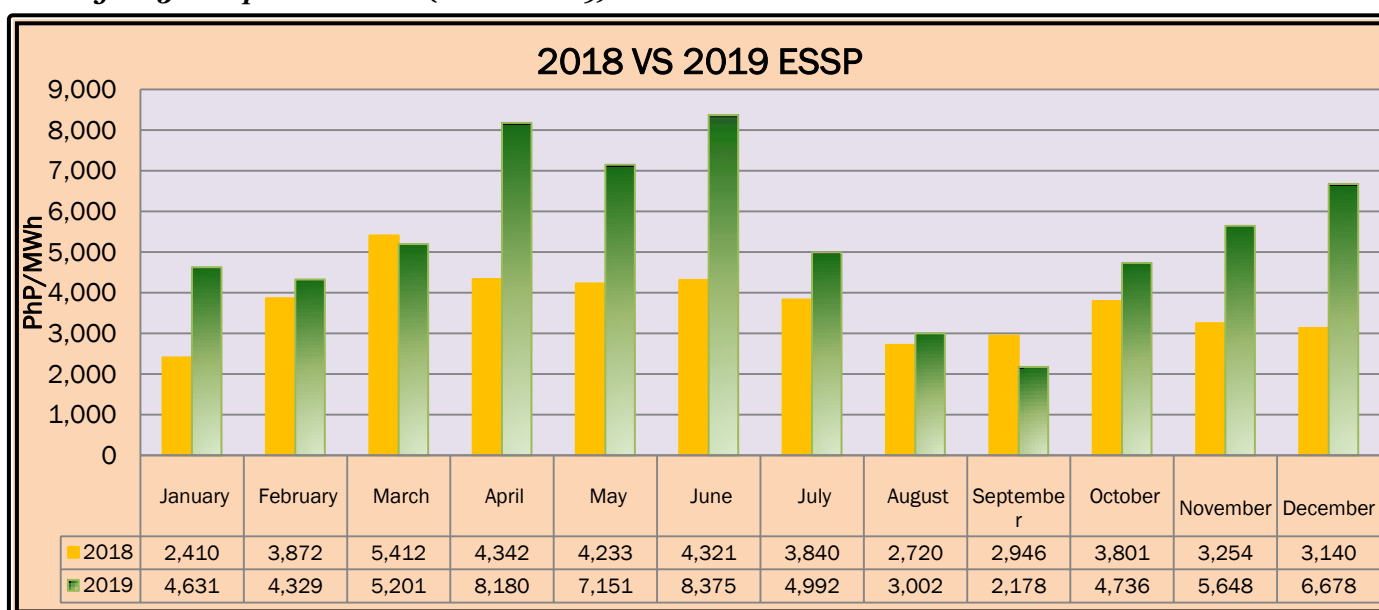
As seen in Figure 3 below, resulting prices for ten (10) months in 2019 were higher as compared to the corresponding periods in 2018. First significant increase was seen as early as January which showed a 92% increase in prices due to the notable capacity of planned outages averaging at around 2,159MW. Additionally, sustained high prices during the peak months of April, May and June were recorded which can be attributed to increase in the growth of demand, low water elevation and multiple unplanned outages (averaging of around 1,259 MW). Given the tight supply situation, the highest average ESSP of the year at PhP8,180/MWh, PhP7,151/MWh, and PhP8,375/MWh were registered during the said months resulting to an average increase in prices during the period at 84%. With minimal improvement in the supply situation, the Secondary Price

Cap (SPC)¹ was imposed beginning 11 April 2019, 1900H. All in all, the imposition of the SPC was recorded for a total of 274 trading intervals.² SPC is a mechanism that aims to mitigate sustained high prices in the Wholesale Electricity Spot Market (WESM).

Since the operating margin was low or insufficient during the said months, Yellow and Red Alert were likewise issued for three hundred forty six (346) intervals and eighty-three (83) intervals, respectively. It was during these intervals when the System Operator had to drop load to maintain system balance and initiated Market Intervention resulting in administered prices.

Unexpectedly, the cold weather in November and December did not deter the increase in prices which were recorded to be 74% and 113%, respectively when compared to the same period in 2018. This was largely due to the high level of planned and forced outages from large capacity generating plants.

Figure 3. Comparative ESSP (2018 vs 2019)



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¹ ERC Resolution No. 4, Series of 2017. The Secondary Price Cap Mechanism caps the market price of the succeeding interval at PhP6,245/MWh once the PhP9,000/MWh Cumulative Price Threshold (CPT) over a rolling 5-day period has been breached.

² The SPC as an interim mitigating measure in the WESM in 2014 was imposed for 201 trading intervals with lower CPT level and rolling average of the generator’s weighted average price was determined over a 3-day period.