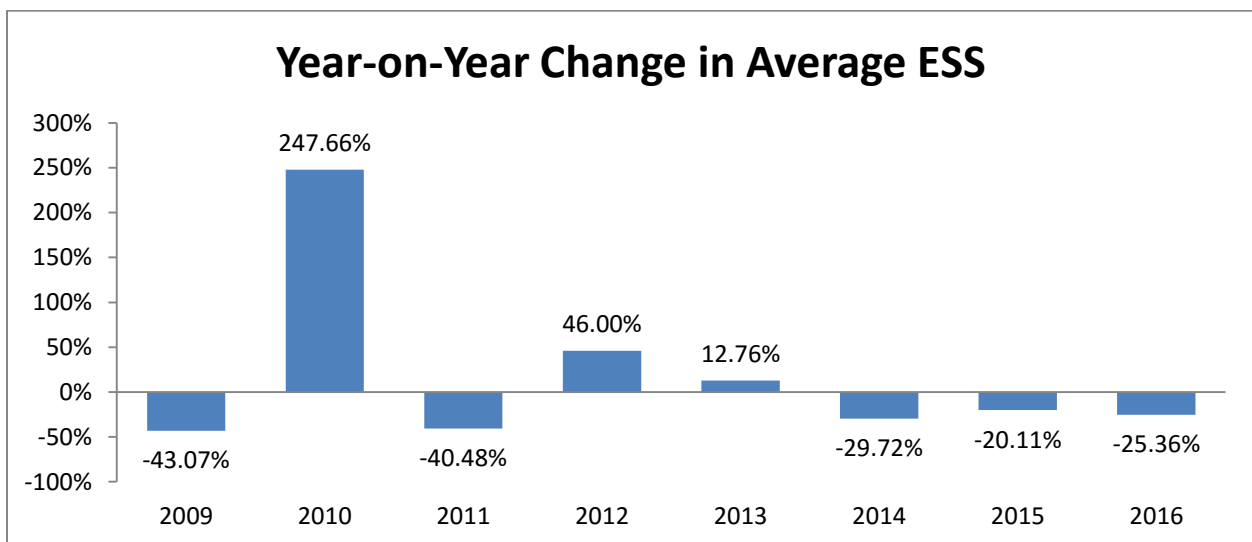
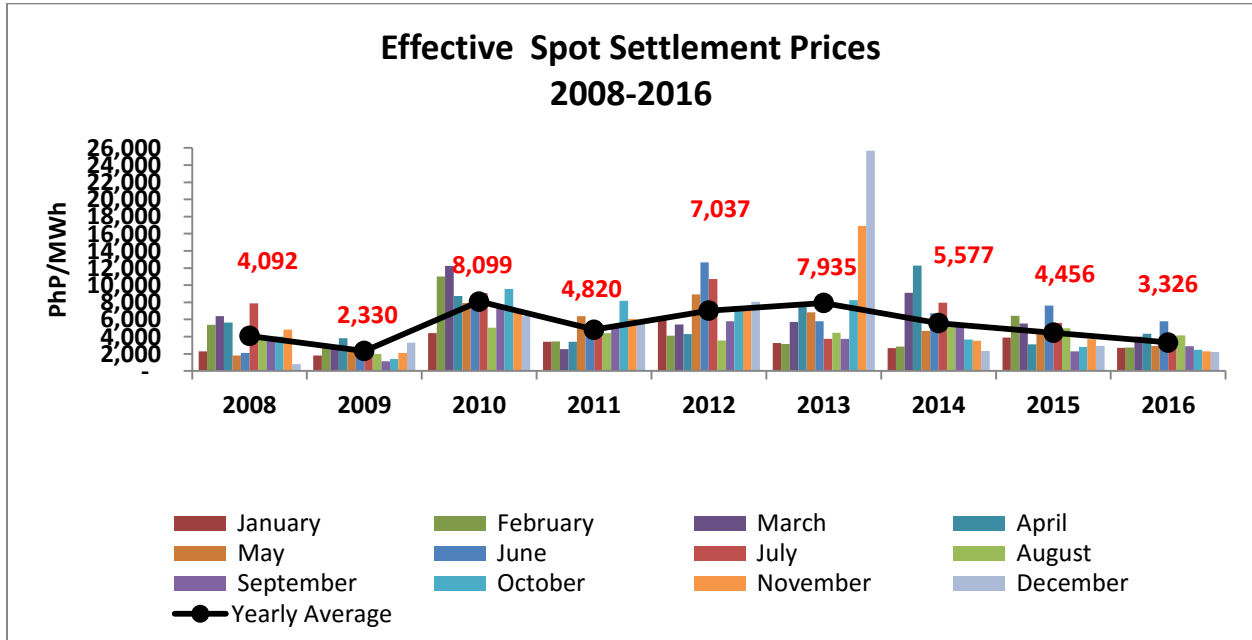


Customer Effective Spot Settlement Price in the Wholesale Electricity Spot Market (WESM)

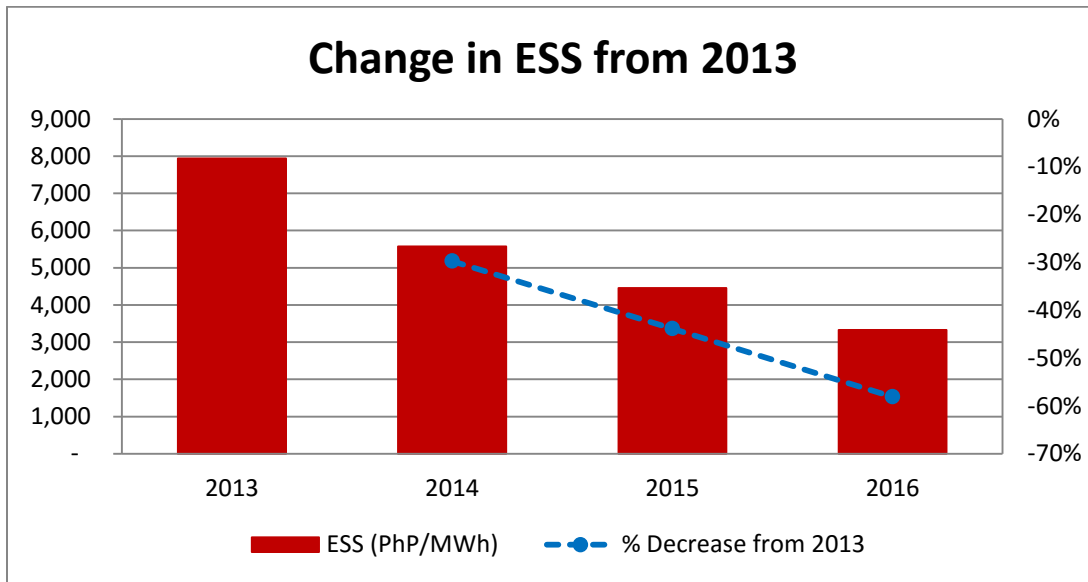
The effective spot settlement price (ESSP) in the WESM for CY 2016 recorded a 12-month average of PhP3,326/MWh, the lowest average registered for the past seven (7) years.



As shown in the figures above, the average ESSP which was noted to decline starting in CY 2014 registered a decrease by 25.36% from CY 2015. The decrease in the ESSP may be attributable to the implementation of the

mitigation measures of the Commission such as the reduction of the Offer Cap¹ level from PhP62,000/MWH to PhP32,000/MWh as well as the imposition of the Secondary Price Cap² scheme.

The average ESSP continued further on the downtrend despite the increase in demand as the entry of considerable Renewable Energy (RE) resources with approximately 1,100MW capacities has augmented the market supply and significantly influenced the resulting WESM prices.



¹ Joint Resolution No.2, dated 27 December 2013, Adjustments to the WESM Offer Price Cap

² Resolution No.20, Series of 2014, A Resolution Adopting and Establishing a Pre-emptive Mitigation Measure in the WESM