



Philippine Wholesale Electricity Spot Market

26 October 2017

Sands Expo and Convention Centre
Marina Bay Sands Singapore



WESM Objective

- To establish a competitive, efficient, transparent and reliable market for electricity where:
 - A level playing field exists among WESM Participants
 - Trading of electricity is facilitated among WESM Participants within the spot market
 - Third parties are granted access to the power system
 - Prices are governed as far as practicable by commercial and market forces
 - Efficiency is encouraged



Philippine Electricity Spot Market

Generators compete to supply electricity to the Grid (except for wind, solar and run-of-river hydro plants which are must-dispatch to the grid)

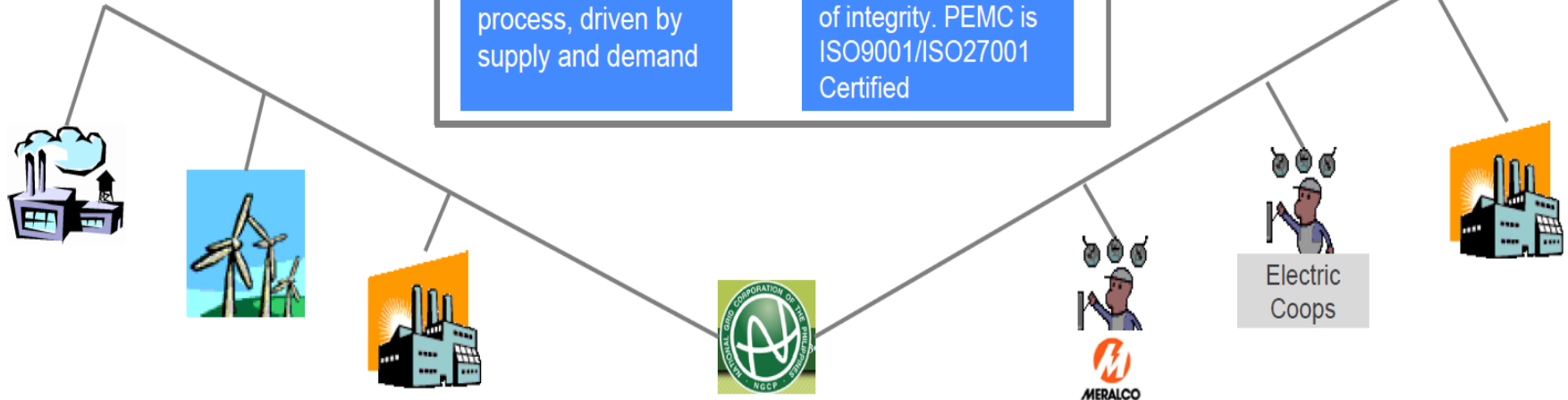


WESM Rules - The WESM operates transparently along rules agreed on by all

Customers (Electric Coops, DUs and Bulk Users) have option to buy from contracted Generators or from the WESM

SPOT PRICE - Determined by a transparent bidding process, driven by supply and demand

OPERATION - The WESM is operated professionally and with the highest level of integrity. PEMC is ISO9001/ISO27001 Certified



WESM Stakeholders



PHILIPPINE ELECTRICITY
MARKET CORPORATION
(PEMC)



NATIONAL GRID
CORPORATION
(NGCP)



DEPARTMENT OF
ENERGY
(DOE)



ENERGY REGULATORY
COMMISSION
(ERC)



POWER GENERATION COMPANIES
(GENCOs)



DISTRIBUTION UTILITIES
(DUs)



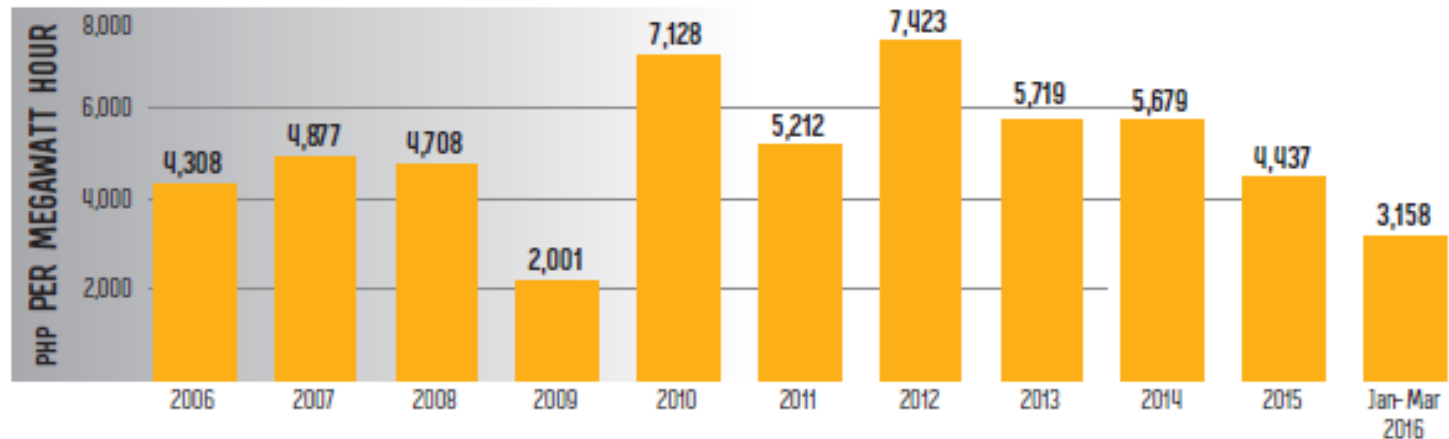
DIRECTLY CONNECTED
CUSTOMERS



Is WESM delivering its objectives?

- WESM Rules Modifications to balance the interest of the electric power industry and consumers
 - Price cap from PhP 62/kWh (USD\$1.20/kWh) to PhP 32/kWh (USD\$0.62/kWh)
 - Integration of retail market (RCOA)
 - Enforcement of the must and priority dispatch of VREs

EFFECTIVE SETTLEMENT PRICE



Conclusion

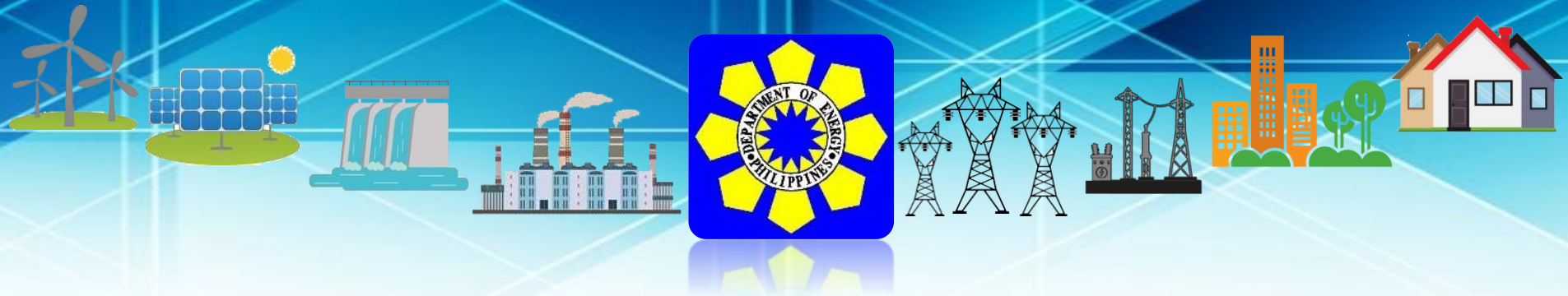
- WESM provides a level playing field for Generators and Customers
 - Competition in scheduling generators
 - Transparency
 - Options to buy or sell excess capacity
- WESM provides investment signals where and when to locate new generation capacities
- Price drivers directly relate to policy development and planning (security of supply, transmission reliability, competition, enforcement of market rules)



Issues needing policy intervention

- The supply situation is tightening – new capacity is needed
- Need to ensure timely capacity investment
- Capacity needs to be flexible and responsive





Thank You!



(+632) 479-2900



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