

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

26 December 2019 – 25 December 2020

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 the 12-month average ESSP in CY 2020 was recorded at PhP2,450.42/MWh which was significantly lower by 54.83% from the CY 2019 12-month average ESSP of PhP5,425.16/MWh. The decrease in ESSP by more than half can be attributed to the lower demand brought about by the quarantine measures imposed by the National Government beginning 16 March 2020 by virtue of Proclamation No. 922, declaring a State of Public Health Emergency throughout the Philippines, and Proclamation No. 929 declaring a State of Calamity throughout the Philippines. The said proclamations provided the various measures for the implementation of the community quarantine *i.e.*, Enhanced Community Quarantine (ECQ) and General Community Quarantine (GCQ), for the management of the Coronavirus Disease 2019 (COVID-19) pandemic which limited operations of non-essential businesses and usual activities of the public.

Figure 1. Average ESSP (2008 – 2020)

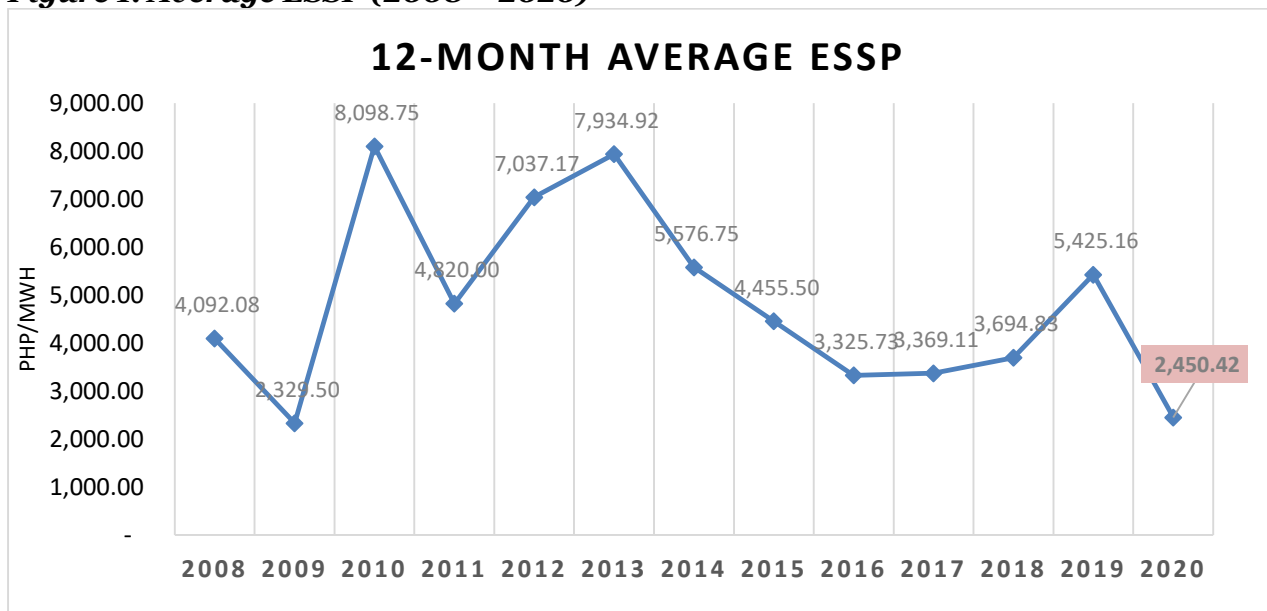


Figure 2. Year-on-Year Change in ESSP (2009 – 2020)

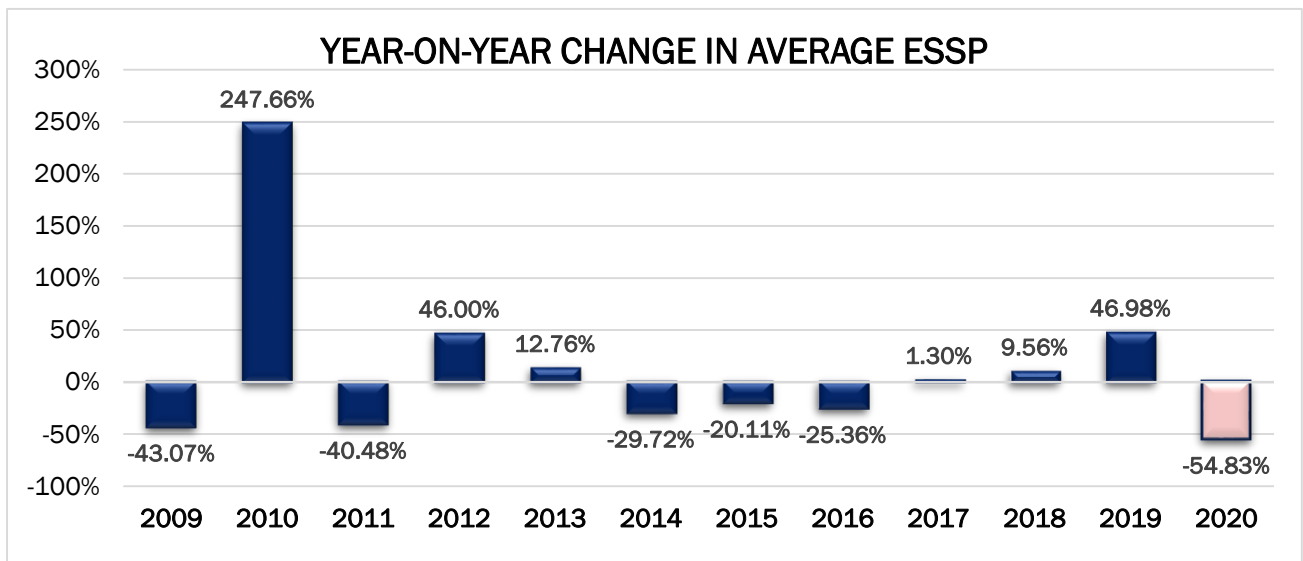
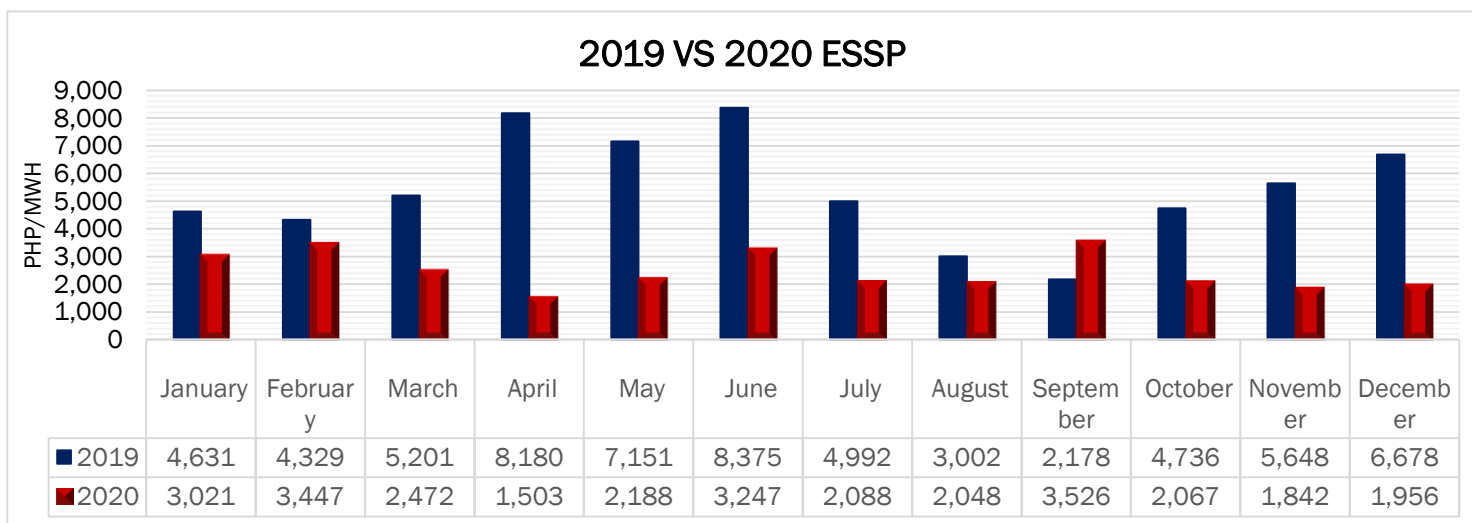


Figure 3 below further shows the comparative changes between the ESSP in CY 2019 and CY 2020. Prior to the start of the community quarantine due to the pandemic in March, prices were seen to be lower in January and February 2020 compared to the same months in CY 2019, during which numerous plants were on planned outage. With exception of the month of September 2020, we note that the prices continued to go down as the community quarantine measures of the government continued to be implemented until the end of the year. Most notable decline in prices can be seen during the peak months of CY 2020 when compared to those of the previous year. Particularly, the average price of Php2,312.67/MWh from April to June 2020 was lower by 71% than the April to June 2019 average of Php7,902.33/MWh.

Figure 3. Comparative ESSP (2019 vs 2020)



*Rounded off to whole values

As earlier mentioned, the ESSP in September 2020 appeared to be an outlier among the CY 2020 monthly prices. As shown in Figure 3 above, the resulting monthly prices in CY 2019 when compared to the CY 2020 monthly prices, an increase in price occurred only in September 2020 which was registered at Php3,526/MWh, or higher by 62% than the ESSP of Php2,178/MWh in September 2019. The MOS-SMD is currently conducting a study to look further into the said price spikes in September 2020 which could be attributed to the notable capacity on forced and planned outages occurring during the period.


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