

MSCP Market Watch

First Quarter (Jan-Mar) 2009

Issue 11

Table 1: Indicators of Market Performance

	2008		2009
	Q1	Q4	Q1
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	151.45	114.36	85.64
- WEP	150.63	115.49	86.89
- VCHP	161.80	238.64	167.14
<i>Ancillary Services (\$/MWh)</i>			
- Primary Reserve	0.33	0.90	0.95
- Secondary Reserve	0.21	1.62	2.76
- Contingency Reserve	5.07	3.99	7.24
- Regulation	16.15	47.14	35.98
HSFO Spot (US\$/barrel)	75.01	45.02	39.21
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,485	4,436	4,267
- Peak	5,653	5,634	5,467
<i>Metered Energy (MW)</i>			
- Average	4,344	4,309	4,152
- Peak	6,363	5,513	5,350
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	78.11	78.30	76.74
- OCGT	0.18	0.07	0.15
- OT	45.97	47.81	45.74
- ST	17.90	16.95	15.62
Supply Cushion (%)	24.54	26.03	26.60
<i>Total Outages (MWh Cumulative)</i>			
- Planned	1,926,239	1,499,911	2,199,036
- Unplanned	659,534	983,261	626,714
- Forced	156,404	40,632	18,002
Offers made below \$100/MWh (%)	58.78	68.82	77.25

Market Performance

In Q1 2009, the average USEP continued to decline from \$114.36/MWh to \$85.64/MWh as the average 180-CST HSFO decreased from US\$45.02 to US\$39.21/barrel (bbl). VCHP, which is pegged to the forward fuel oil prices set in the first month of the previous quarter (Q4 2008), declined from \$238.64/MWh to \$167.14/MWh.

The combined decrease in demand and increase in offers below \$100/MWh put downward pressure on the average USEP. The average forecast demand dropped by 3.8 percent to 4,267MW while the peak forecast demand dropped by 3.0 percent to 5,467MW. The last time demand saw such levels was in 2006. Meanwhile, the supply cushion increased from 26.03 percent to 26.60 percent. Further, the proportion of offers made below \$100/MWh increased by 8.43 percent to 77.25 percent to reflect lower oil prices.

Total outages increased by 12.7 percent in Q1 2009. While unplanned and forced outages dropped by 36.3 percent and 55.7 percent respectively, planned outages saw an increase of 46.6 percent. The bulk of this increase was in the planned maintenance of ST units.

The average regulation price declined to \$35.98/MWh in tandem with the lower average USEP. However, the average secondary and contingency reserve prices increased to \$2.76/MWh and \$7.24/MWh respectively.

On 28 March 2009, there were two periods of price spikes when the USEP rose above \$1000/MWh. During these two periods, the offer availability by CCGT units was low and one CCGT unit was taken out for maintenance. The supply cushion tightened when demand peaked for the day, setting off the price spikes.

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

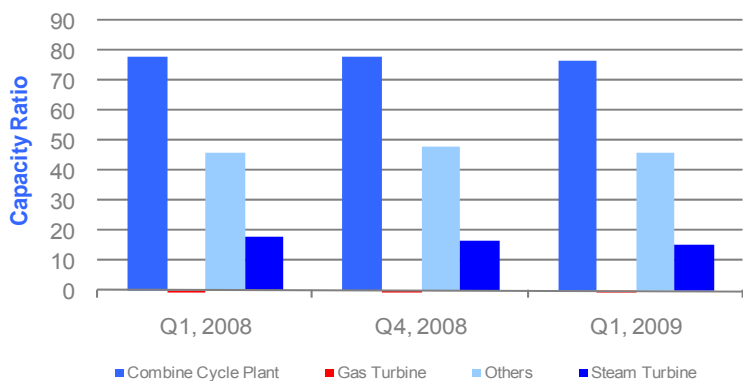


Chart 2: Relationship between USEP and Energy Supply Cushion - Q1 2009

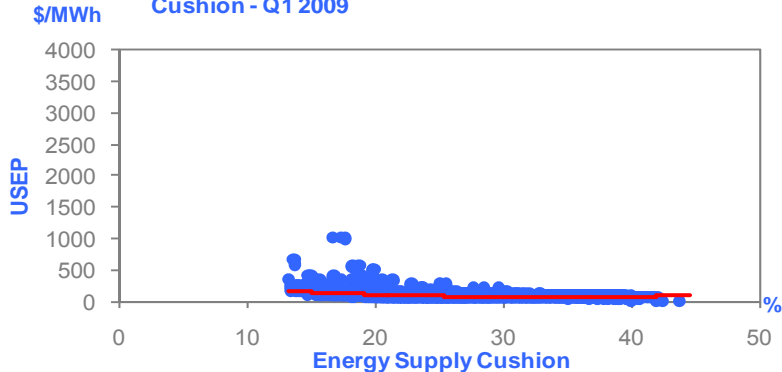


Chart 3: Comparison of Average Market Share by Generation Company Q1 2009

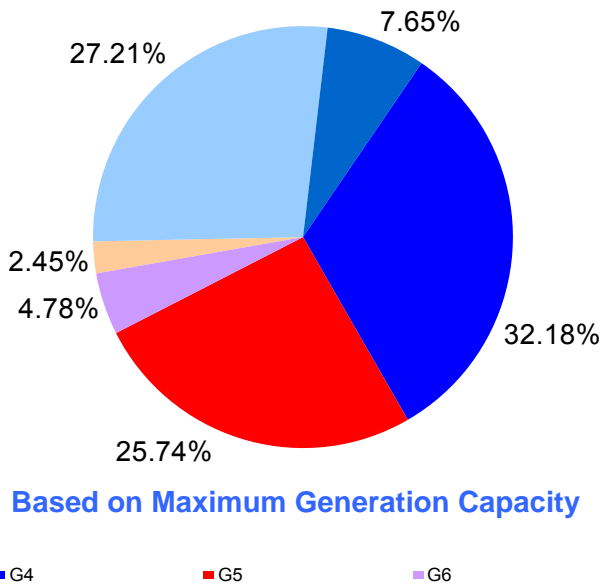
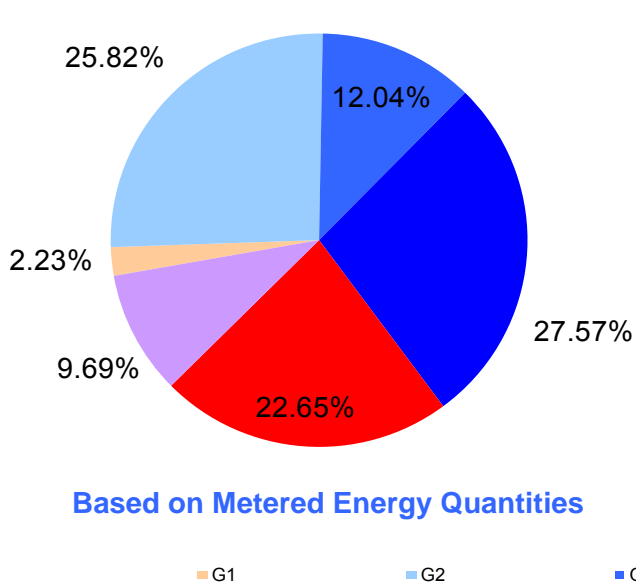
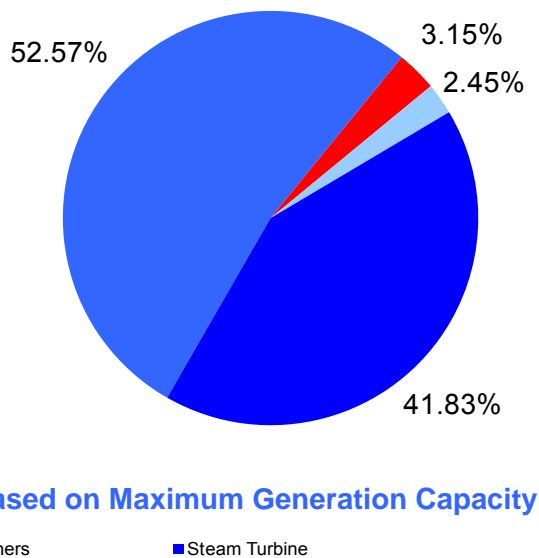
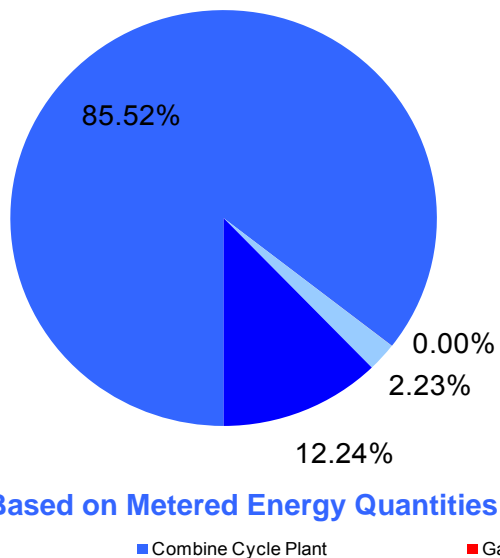


Chart 4: Comparison of Average Market Share by Generation Type Q1 2009



Demand Indicators

Chart 5: Monthly Load Forecast Variation

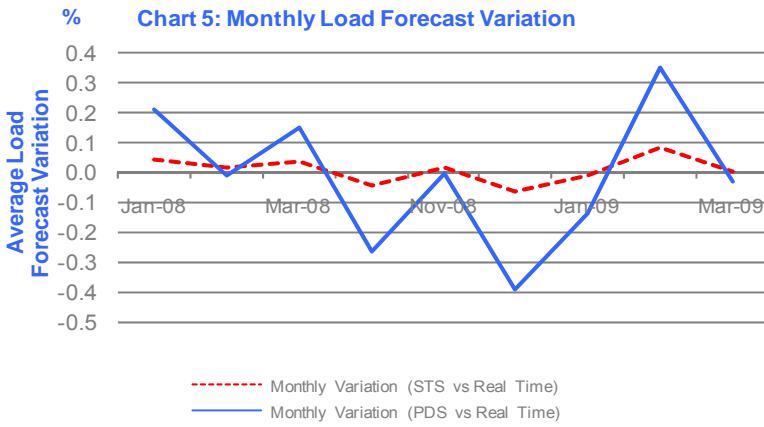
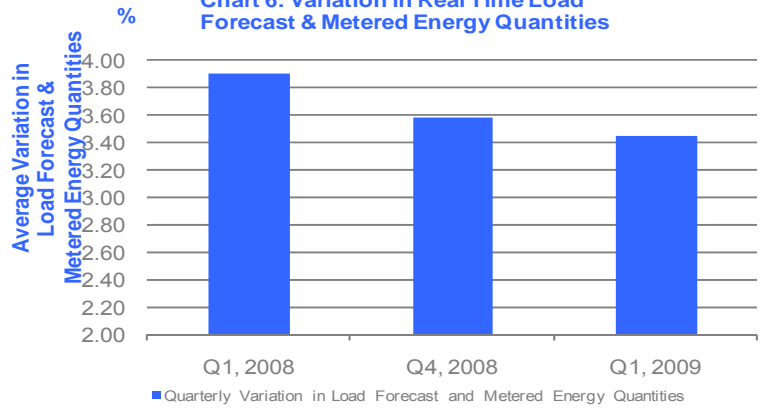


Chart 6: Variation in Real Time Load Forecast & Metered Energy Quantities



Energy Prices

Chart 7: WEP vs Vesting Contract Hedge Price (VCHP)

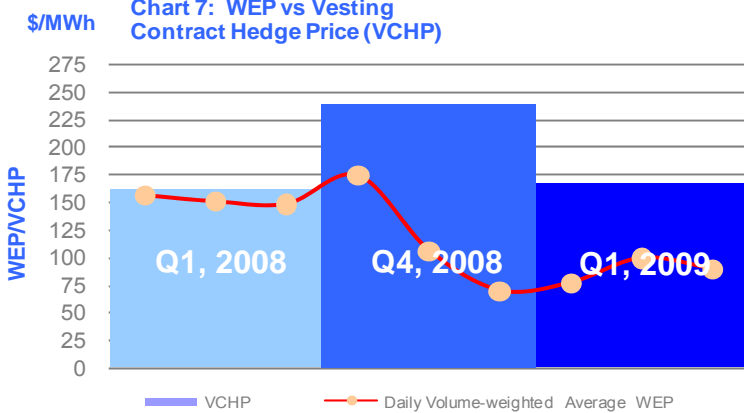


Chart 8: Comparison of Metered Energy Quantities

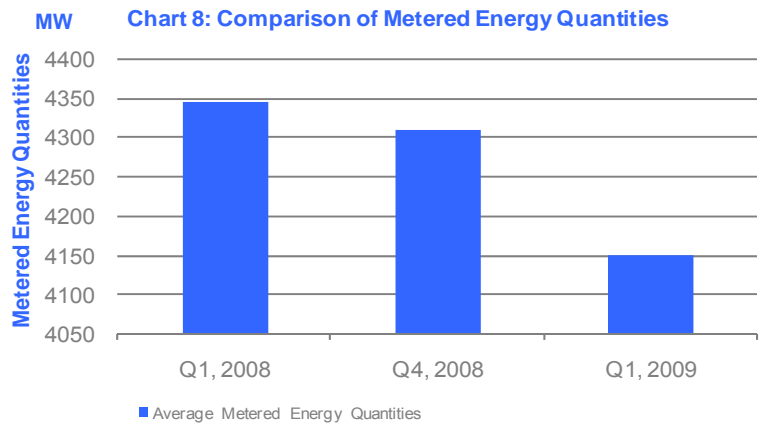


Chart 9: Percentage of Hours when WEP Falls Into a Particular Price Range

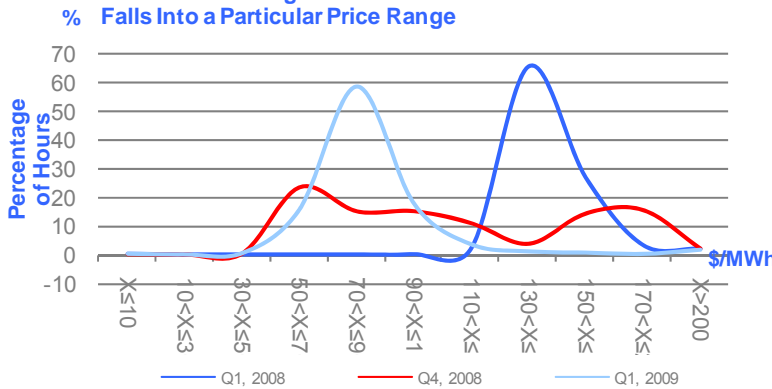


Chart 10: Percentage of Metered Energy Quantities when WEP Falls Into a Particular Price Range

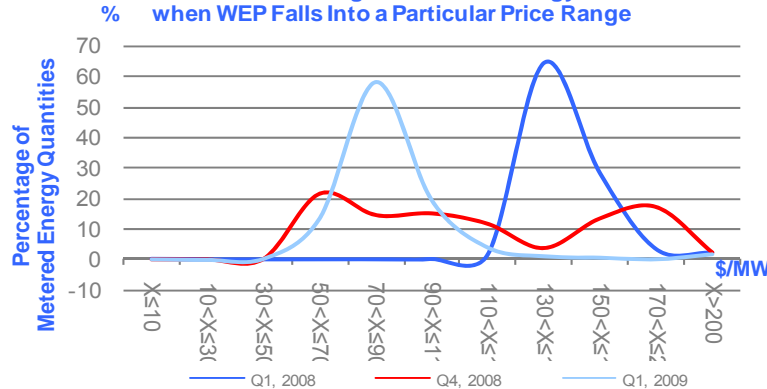


Chart 11: Correlation between WEP & Metered Energy Quantities

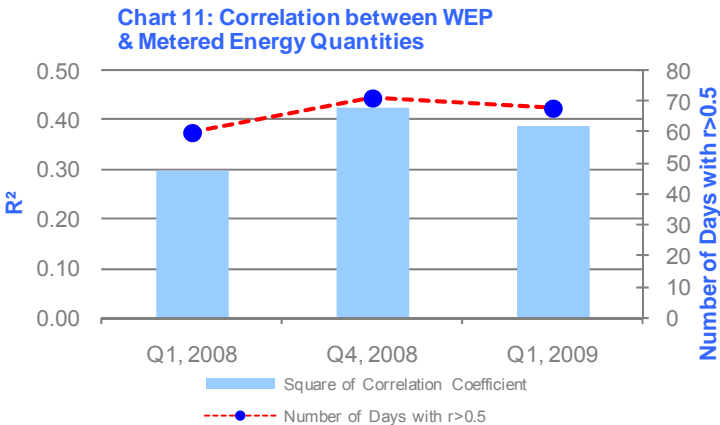
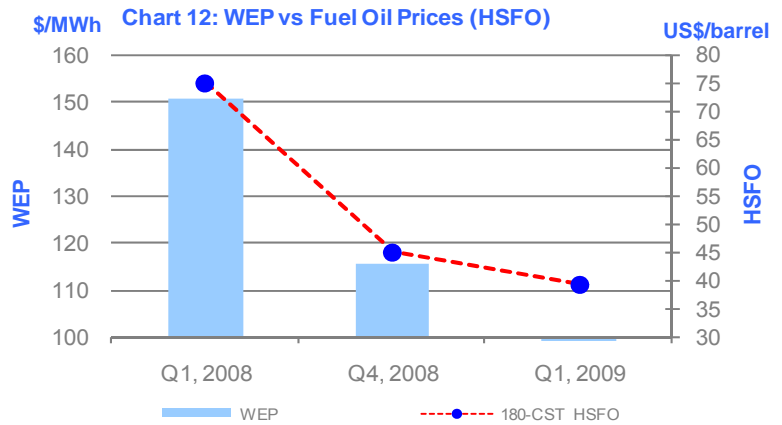


Chart 12: WEP vs Fuel Oil Prices (HSFO)



Ancillary Prices

Chart 13: Reserve and Regulation Prices

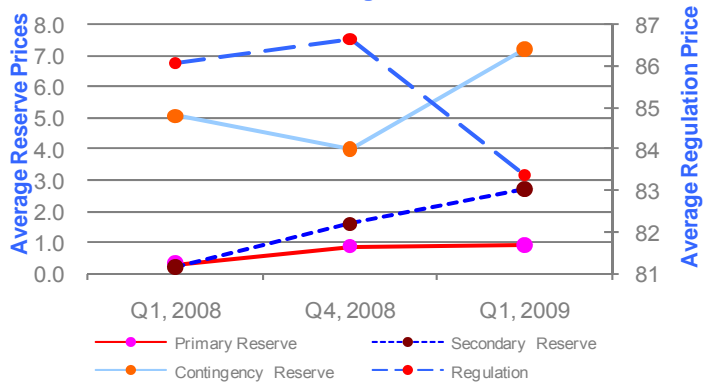


Table 2: Compliance Statistics for Q1 2009

No. of cases of potential rule breaches	177
Self-reports	3
Referrals/Complaints	174
MSCP initiatives	0
No. of determinations	233
Rule breach	1
No rule breach	224
No further action	8
Enforcement	1
No. of cases with enforcement action	
-Financial penalty	0
-Letter of non-compliance	1
Total amount of financial penalties	\$0
Total amount of costs	\$1,300

The Market Surveillance and Compliance Panel comprises the following persons:

- Thean Lip Ping, Chair
- Lee Keh Sai
- Professor Lim Chin
- TPB Menon

It is supported by the Market Assessment Unit of Energy Market Company.