

MSCP Market Watch

Fourth Quarter (Oct-Dec) 2008

Issue 10

Table 1: Indicators of Market Performance

	2007	2008	
	Q4	Q3	Q4
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	135.38	195.96	114.36
- WEP	135.72	196.26	115.49
- VCHP	150.04	183.25	238.64
<i>Ancillary Services (\$/MWh)</i>			
- Primary Reserve	0.32	0.19	0.90
- Secondary Reserve	0.04	0.12	1.62
- Contingency Reserve	2.44	3.25	3.99
- Regulation	16.80	33.82	47.14
<i>HSFO Spot (US\$/barrel)</i>	73.65	102.54	45.02
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,571	4,661	4,436
- Peak	5,782	5,748	5,634
<i>Metered Energy (MW)</i>			
- Average	4,386	4,519	4,309
- Peak	5,628	5,596	5,513
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	78.71	80.67	78.30
- OCGT	0.01	0.11	0.07
- OT	45.22	42.58	47.81
- ST	19.54	19.40	16.95
<i>Supply Cushion (%)</i>	24.71	23.96	26.03
<i>Total Outages (MWh Cumulative)</i>			
- Planned	2,281,166	1,481,701	1,499,911
- Unplanned	876,060	591,156	983,261
- Forced	51,110	22,761	40,632
<i>Offers made below \$100/MWh (%)</i>	61.42	55.69	68.82

Market Performance

After surpassing previous highs in the past three quarters, Q4 2008 saw the average USEP fall from \$195.96/MWh to \$114.36/MWh, a drop of 41.6%. This can be attributed to a corresponding drop of 56.1% in the average 180-CST HSFO price from US\$102.54 to US\$45.02 per barrel (bbl). Meanwhile, the VCHP rose by 30.2% to \$238.64/MWh.

Total outages increased by 20.43% in Q4 2008. A closer examination of the outages revealed that unplanned outages increased by 66.33% while forced outages increased by 78.52%. The main contributors to unplanned outages were ST units, accounting for 95.70%, while the main contributors to forced outages were CCGT units, accounting for 96.80%.

The fall in the USEP also coincided with improvements both in the supply cushion and the percentage of offers made below \$100/MWh. The supply cushion increased from 23.96% to 26.03% in Q4 2008. This was matched by a decline in both the average and the peak forecast demand of 4.82% and 1.98% respectively. The percentage of offers made below \$100/MWh increased from 55.69% to 68.82%.

Meanwhile, reserve prices increased in Q4 2008, with secondary reserve prices rising from \$0.12/MWh to \$1.62/MWh. This was due to a combination of increased requirement and lower offer quantities. Regulation prices also rose from \$33.82/MWh to \$47.14/MWh.

There was no price spike over \$1,000/MWh in Q4 2008.

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

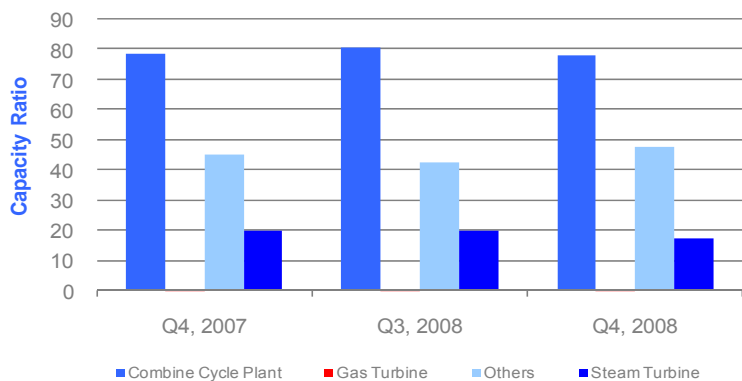


Chart 2: Relationship between the USEP and the Energy Supply Cushion - Q4, 2008

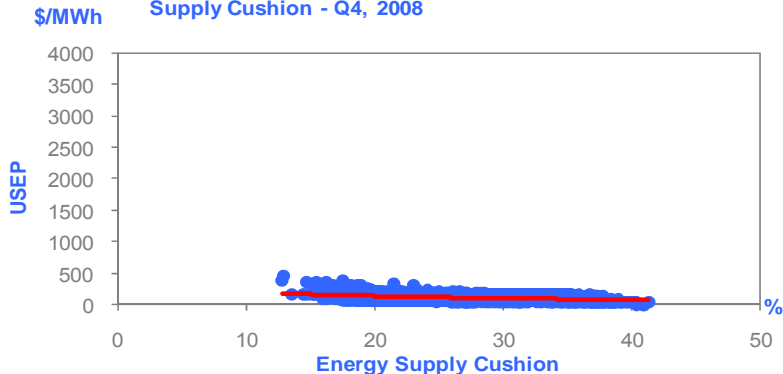


Chart 3: Comparison of Average Market Share by Generation Company Q4, 2008

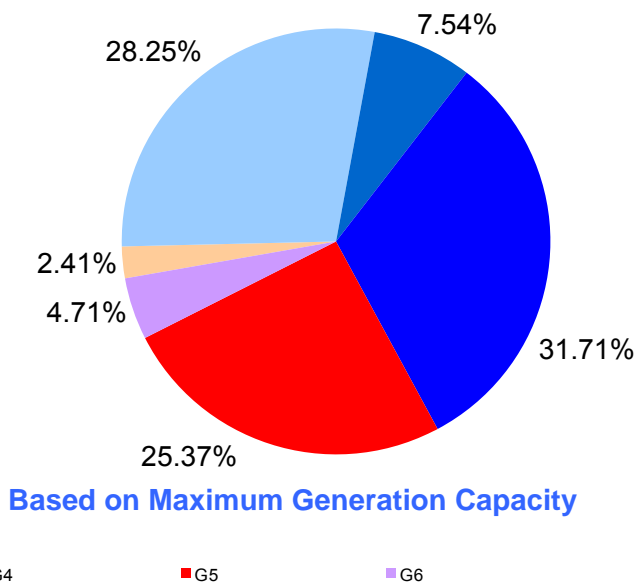
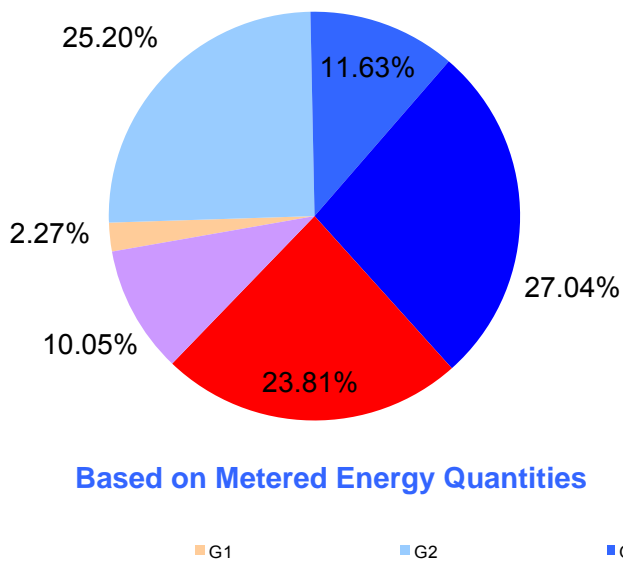
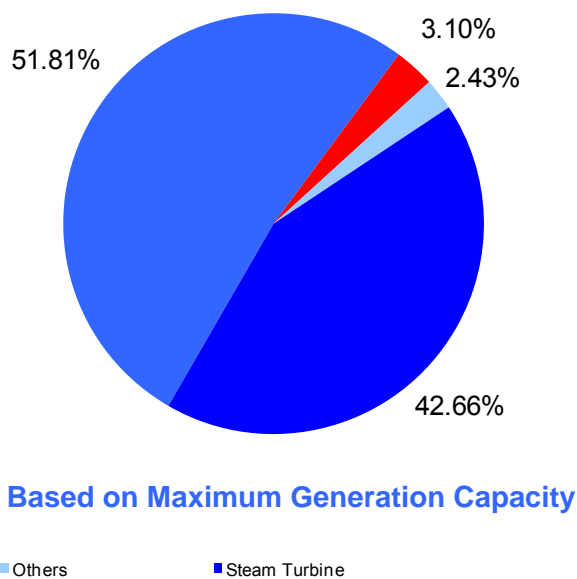
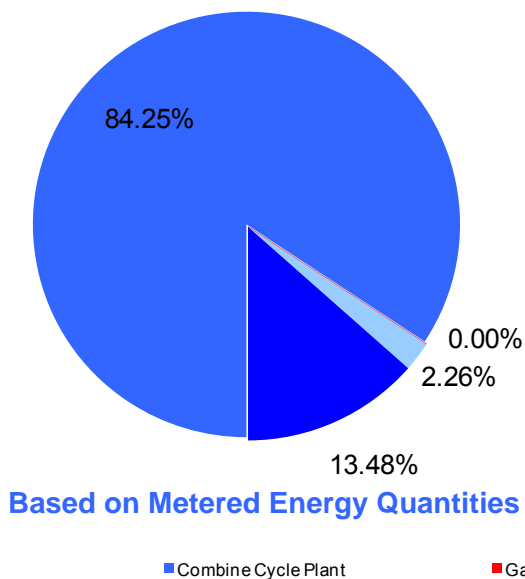


Chart 4: Comparison of Average Market Share by Generation Type Q4, 2008



Demand Indicators

Chart 5: Monthly Load Forecast Variation

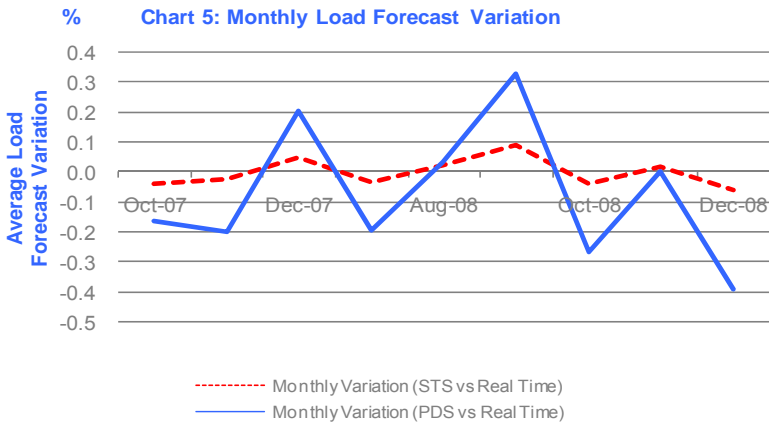
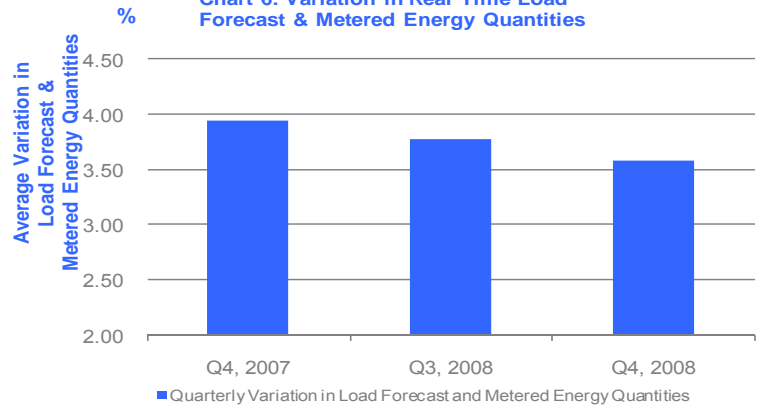


Chart 6: Variation in Real Time Load Forecast & Metered Energy Quantities



Energy Prices

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

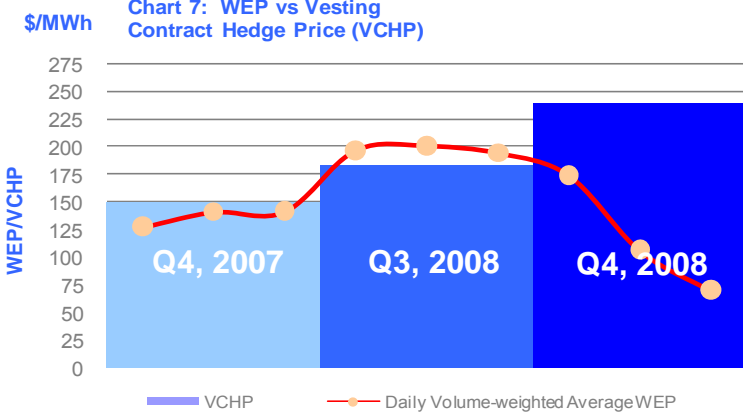


Chart 8: Comparison of Metered Energy Quantities

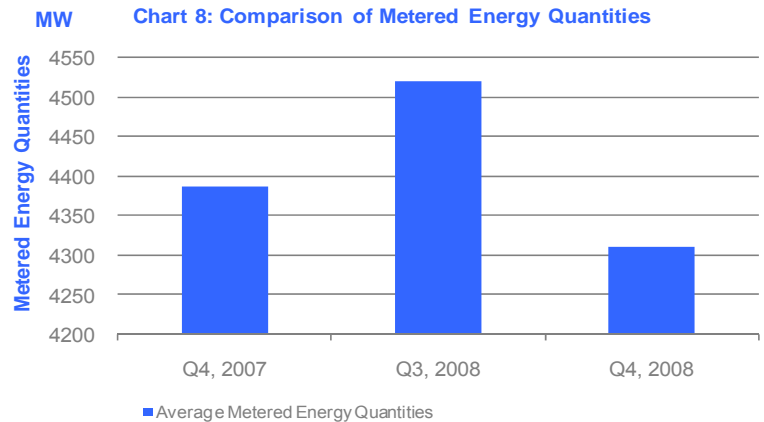


Chart 9: Percentage of Hours when the WEP Falls Into a Particular Price Range

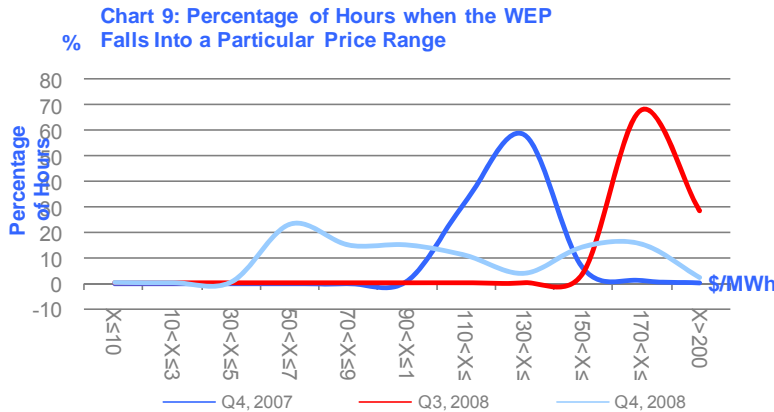


Chart 10: Percentage of Metered Energy Quantities when the WEP Falls Into a Particular Price Range

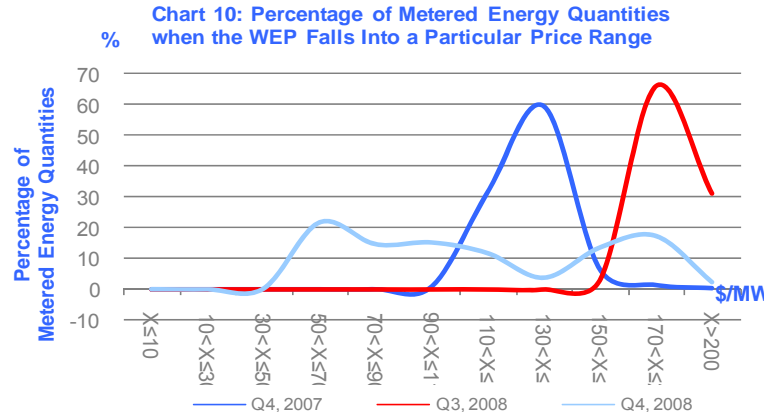


Chart 11: Correlation between the WEP & Metered Energy Quantities

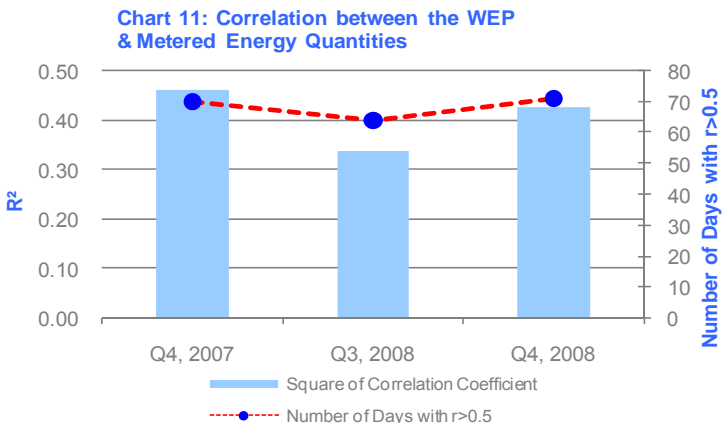
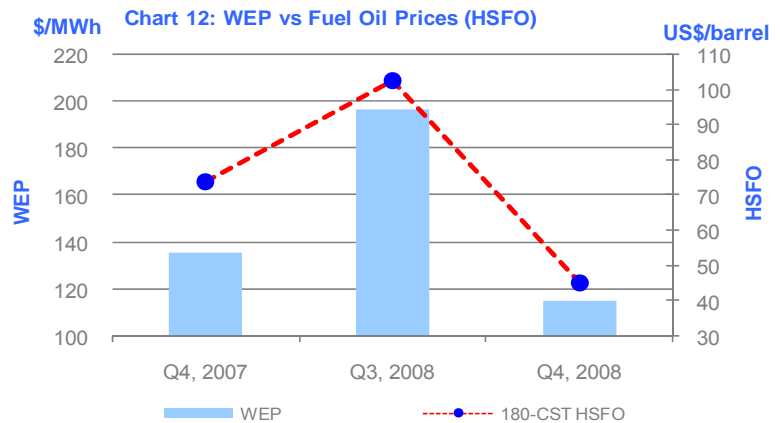


Chart 12: WEP vs Fuel Oil Prices (HSFO)



Ancillary Prices

Chart 13: Reserve and Regulation Prices

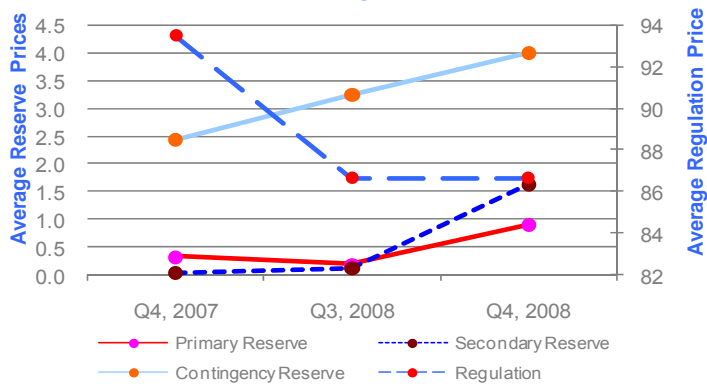


Table 2: Compliance Statistics for Q4 2008	
No. of cases of potential rule breaches	226
Self-reports	1
Referrals/Complaints	225
MSCP initiatives	0
No. of determinations	219
Rule breach	2
No rule breach	202
No further action	15
Enforcement	2
No. of cases with enforcement action	
-Financial penalty	0
-Letter of non-compliance	2
Total amount of financial penalties	\$0
Total amount of costs	\$2,600

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.