

MSCP Market Watch

Second Quarter (Apr-Jun) 2008

Issue 8

Table 1: Indicators of Market Performance

	2007 Q2	2008 Q1	2008 Q2
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	113.84	151.45	187.04
- WEP	115.35	150.63	187.28
- VCHP	121.14	161.80	174.44
<i>Ancillary (\$/MWh)</i>			
- Primary Reserve	2.15	0.33	0.12
- Secondary Reserve	0.14	0.21	0.62
- Contingency Reserve	3.72	5.07	10.13
- Regulation	62.07	16.15	28.78
Average Daily Reserve Cost (\$)	65,167	68,302	142,923
HSFO Spot (US\$/barrel)	54.33	75.01	93.05
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,610	4,485	4,772
- Peak	5,675	5,653	5,955
<i>Metered Energy Quantities (MW)</i>			
- Average	4,479	4,344	4,621
- Peak	5,535	6,363	5,831
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	75.30	78.11	80.90
- OCGT	0.08	0.18	0.23
- OT	39.90	45.97	44.08
- ST	25.81	17.90	21.67
Supply Cushion (%)	21.82	24.54	22.83
<i>Total Outages (MW)</i>			
- Planned	10,608,118	3,852,477	2,406,224
- Unplanned	694,735	1,319,068	1,220,270
- Forced	64,430	312,808	30,011
Offers less than \$100/MWh (%)	74.26	58.78	56.12

Market Performance

The average USEP in Q2 2008 reached a record high of \$187.04/MWh. This was nearly 23.5% higher than last quarter and was 64.3% higher than the same quarter in 2007.

The escalation in global oil prices continued in Q2 2008. The 180-CST HSFO average price for Q2 2008 had increased 24.1 percent against the previous quarter to reach a new record of US\$93.05 per barrel. This price represents a jump of 71.3 percent as compared to the same quarter in 2007.

The rise in oil prices translated to a higher VCHP which rose 7.8 percent to set an all-time high of \$174.44/MWh in Q2 2008. Additionally, energy offers had changed to reflect the higher operating costs caused by higher oil prices. In Q2 2008, the percentage of energy offers below \$100/MWh had contracted by over 2 percent to 56.1 percent.

At the same time, energy demand posted a healthy gain of 6.4 percent. In Q2 2008, energy demand averaged 4,772MW, the highest level since market start, and the intraday peak demand had scaled a new high of 5,955MW. These highs led to a tightening of the supply cushion which declined by 1.7 percent to 22.83 percent in Q2 2008, even though the total plant availability improved by 4.1 percent. The improvement in total plant availability was mainly enhanced by a stronger ST offer availability that expanded 22.5 percent during Q2 2008.

In tandem with the rise in the average USEP, the average daily reserve cost rose to \$142,923 for Q2 2008. The regulation price also increased during the quarter.

The USEP spiked above \$1,000/MWh for a total of eight periods on 20 May 2008 when supply was affected by the tripping of a CCGT unit while three other CCGT units were out for maintenance.

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

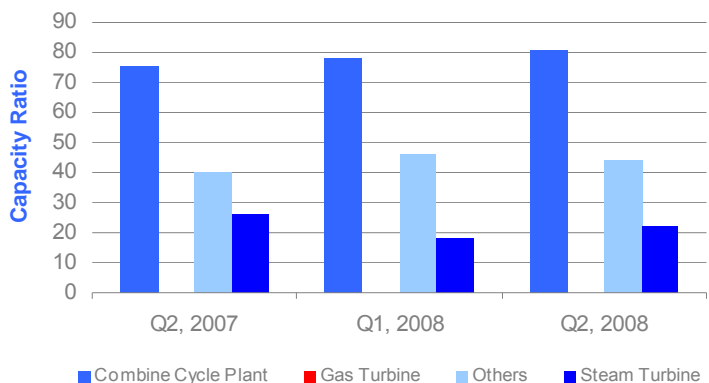


Chart 2: Relationship between USEP and Energy Supply Cushion - Q2 2008

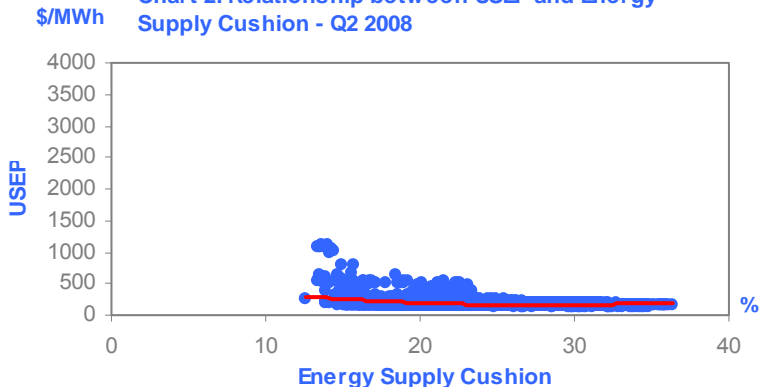


Chart 3: Comparison of Average Market Share by Generation Company Q2 2008

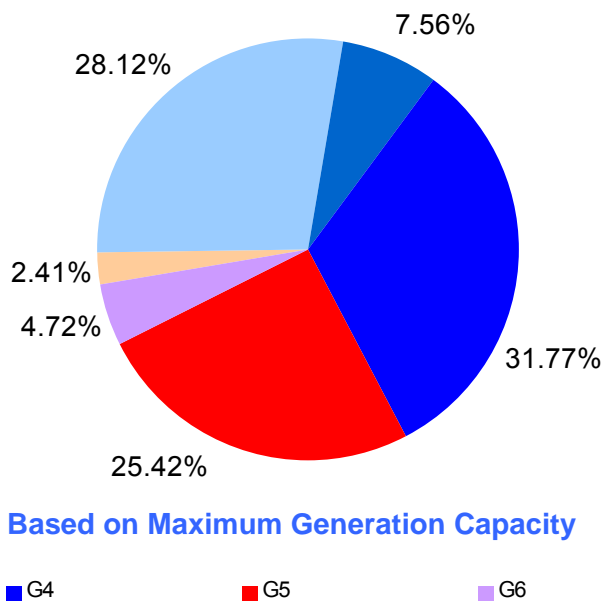
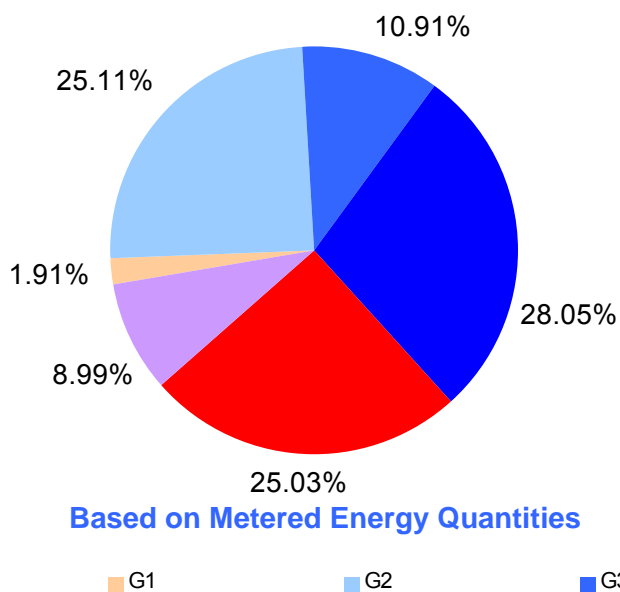
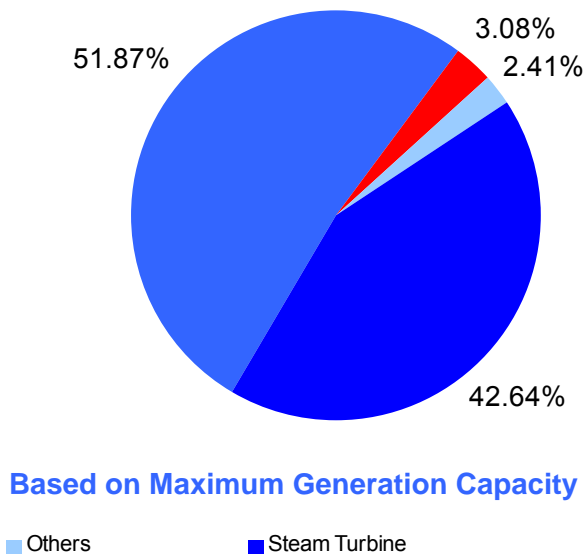
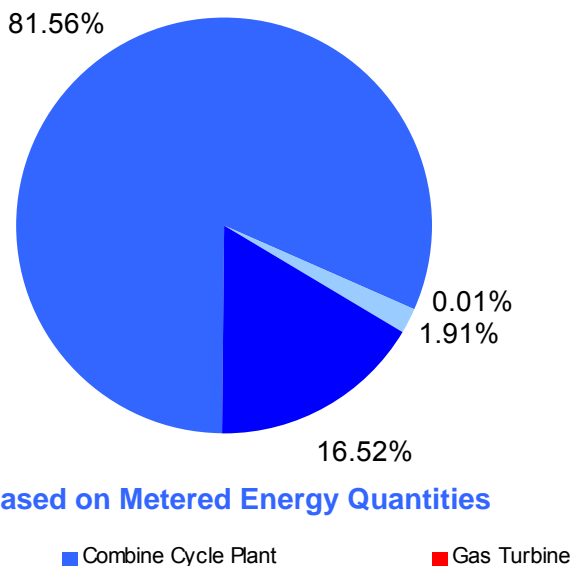
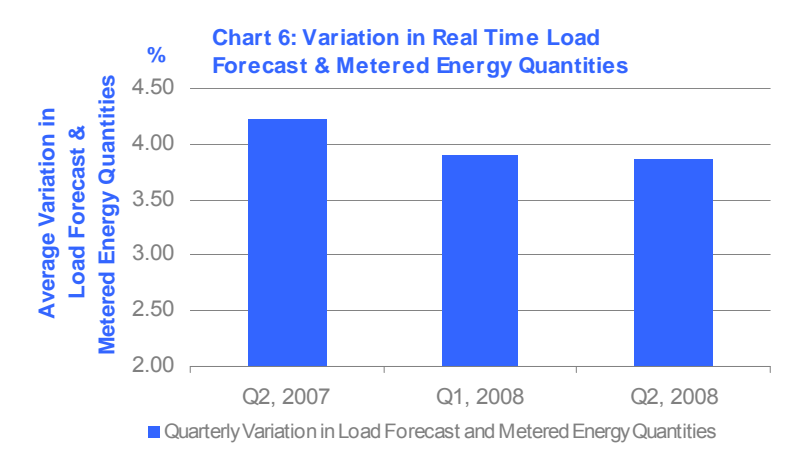
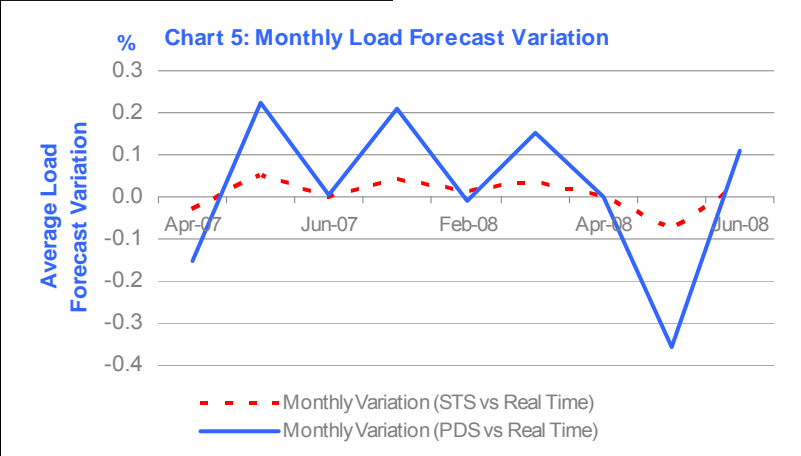


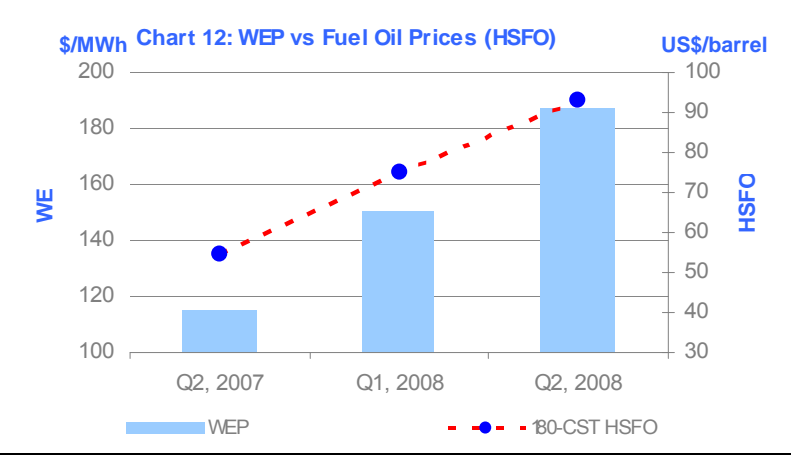
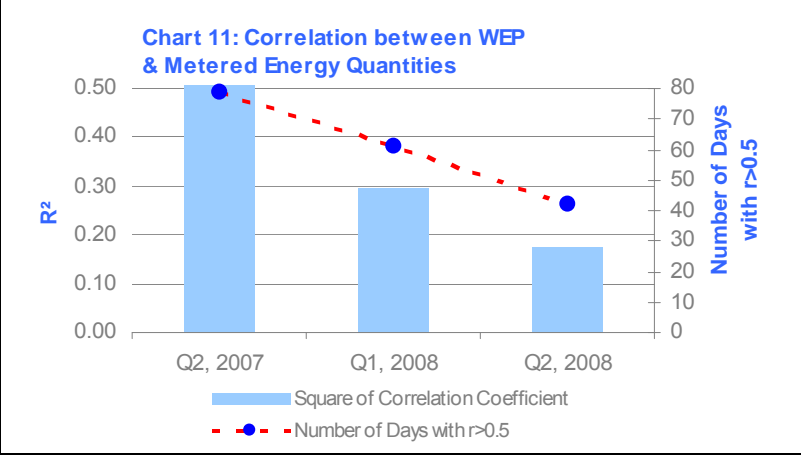
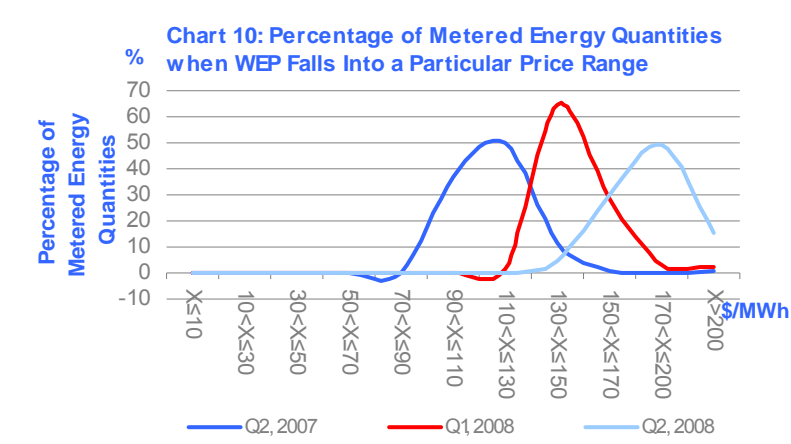
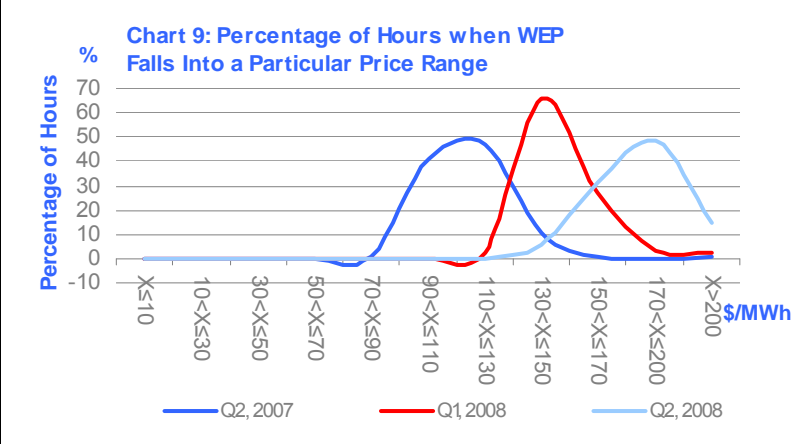
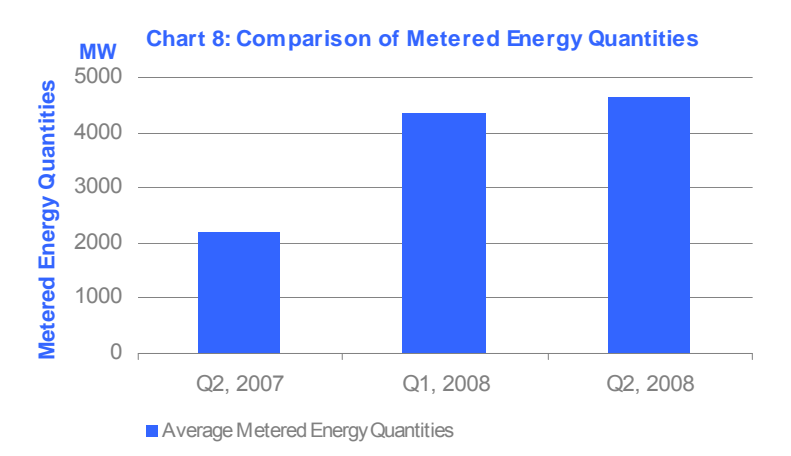
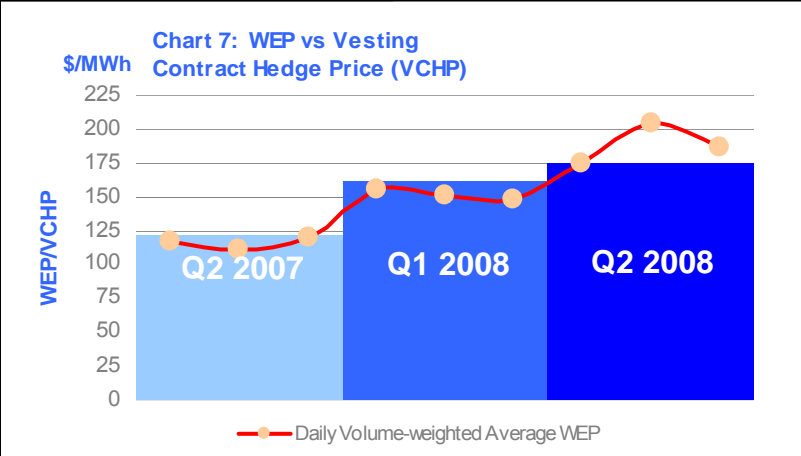
Chart 4: Comparison of Average Market Share by Generation Type Q2 2008



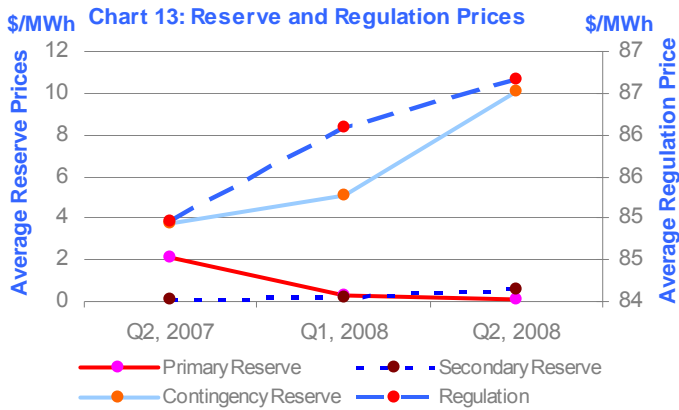
Demand Indicators



Energy Prices



Ancillary Prices



Market Compliance

Table 2: Compliance Statistics for Q2 2008

No. of cases of potential rule breaches	153
Self-reports	3
Referrals/Complaints	150
MSCP initiatives	0
No. of determinations	209
Rule breach	4
No rule breach	158
No further action	47
Enforcement	
No. of cases with enforcement action	4
-Financial penalty	1
-Letter of non-compliance	3
Total amount of financial penalties	\$10,000
Total amount of costs	\$10,000

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.