

MSCP Market Watch

First Quarter (Jan-Mar) 2008

Issue 7

Table 1: Indicators of Market Performance

	2007		2008
	Q1	Q4	Q1
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	125.11	135.38	151.45
- WEP	133.50	135.72	150.63
- VCHP	134.66	150.04	161.80
<i>Ancillary (\$/MWh)</i>			
- Primary Reserve	19.61	0.32	0.33
- Secondary Reserve	2.39	0.04	0.21
- Contingency Reserve	24.52	2.44	5.07
- Regulation	356.64	16.80	16.15
Average Reserve Cost (\$)	462,446	32,595	68,302
HSFO Spot (US\$/barrel)	45.30	73.65	75.01
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,390	4,571	4,485
- Peak	5,525	5,782	5,653
<i>Metered Energy Quantities (MW)</i>			
- Average	4,232	4,444	4,357
- Peak	5,350	5,628	6,375
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	67.82	78.71	78.11
- OCGT	0.44	0.01	0.18
- OT	40.70	45.22	45.97
- ST	28.70	19.54	17.90
Supply Cushion (%)	22.86	24.71	24.54
<i>Total Outages (MW)</i>			
- Planned	6,128,788	4,562,332	3,852,477
- Unplanned	1,183,884	1,752,120	1,319,068
- Forced	270,704	102,219	312,808
Offers less than \$100/MWh (%)	76.59	61.42	58.78

Market Performance

Starting with this issue, the MSCP Market Watch will follow a calendar-year format. This change aligns the Market Watch with the recently published MSCP Annual Report 2007 which has adopted a calendar-year format.

Energy prices in Q1 2008 hit a record high of \$151.45/MWh, as the benchmark 180-CST HSFO average price rose for the fifth consecutive quarter to US\$75.01 a barrel. Although competition helped lower the average energy price last year, the recent strong run-up in fuel oil prices has offset most of the gains. However, there are no major price spikes in excess of \$1,000/MWh.

With high dependency on thermal plants for electricity, the record high fuel oil prices have translated into higher marginal costs. This was evidenced by the higher offer prices in Q1 2008. The average plant availability and percentage of offers less than \$100/MWh dropped by 3.1 percent and 7.3 percent respectively. A closer examination shows that most of these changes came from ST plants.

The higher energy prices occurred despite a relatively unchanged supply cushion of 24.5 percent and lower average anticipated outages. The stable supply cushion was mainly the result of a 1.9 percent decline in average demand due to cooler weather conditions.

The average regulation price this quarter was substantially lower compared to the same period last year, mainly due to the record high regulation prices in January 2007.

During the quarter, the MSCP also conducted an independent investigation into the high USEP price incident in January 2008. Due to the confidential nature of much of the information in the MSCP report, it has been provided only to the regulator and the market operator.

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

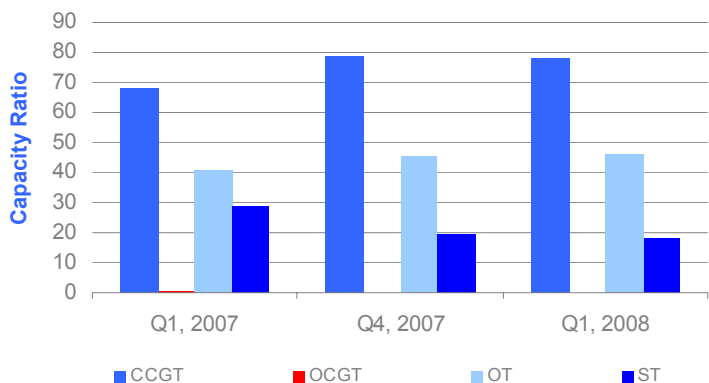


Chart 2: Relationship between USEP and Energy Supply Cushion - Q1 2008

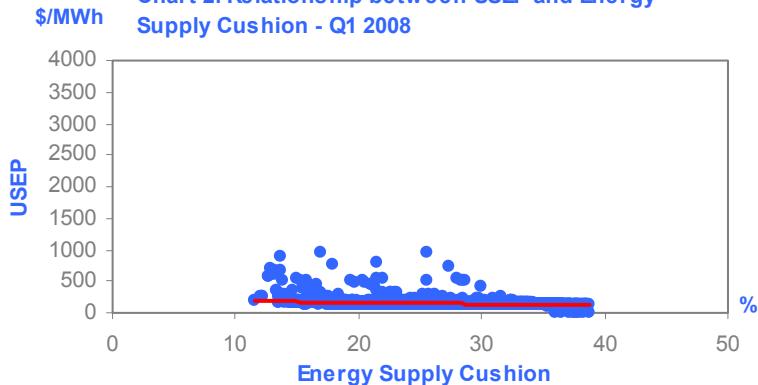


Chart 3: Comparison of Average Market Share by Generation Company Q1 2008

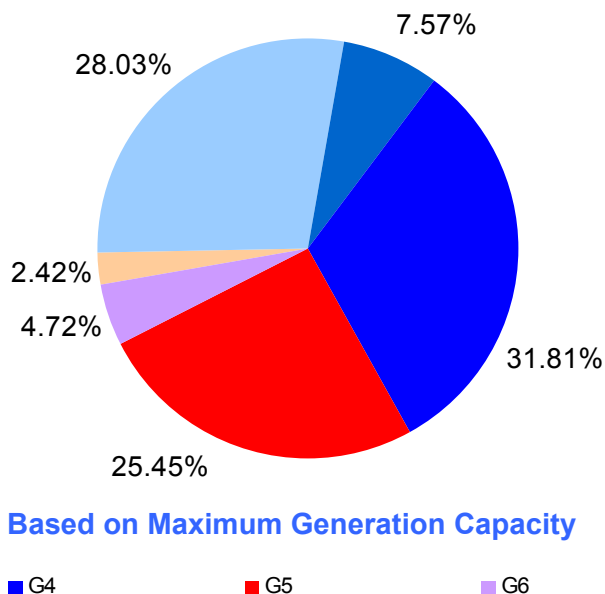
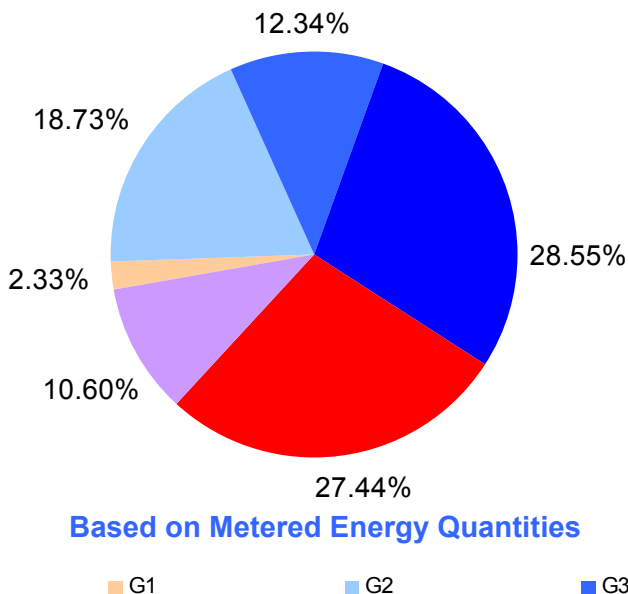
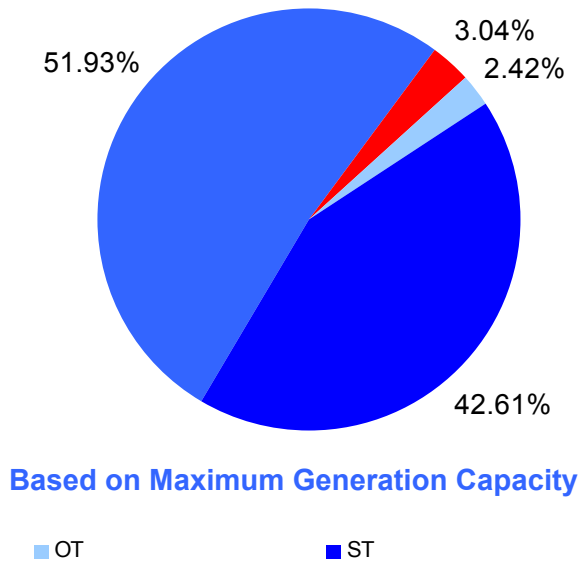
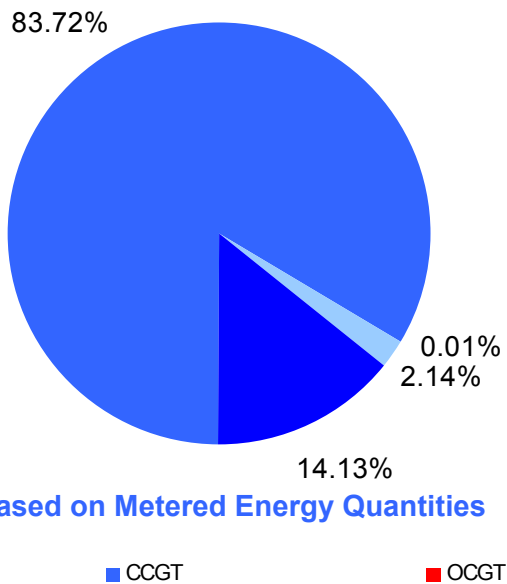


Chart 4: Comparison of Average Market Share by Generation Type Q1 2008



Demand Indicators

Chart 5: Monthly Load Forecast Variation

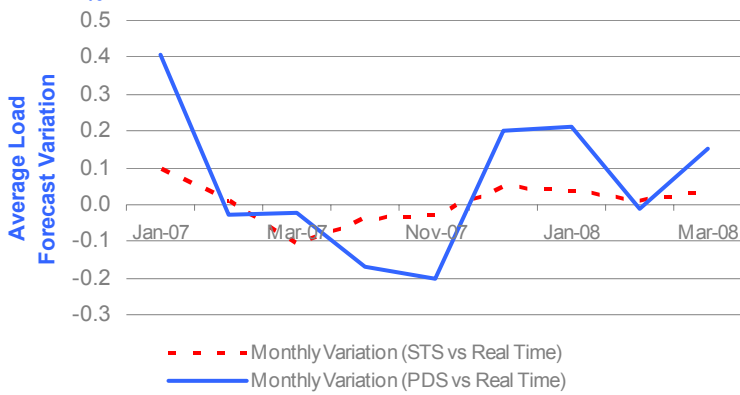
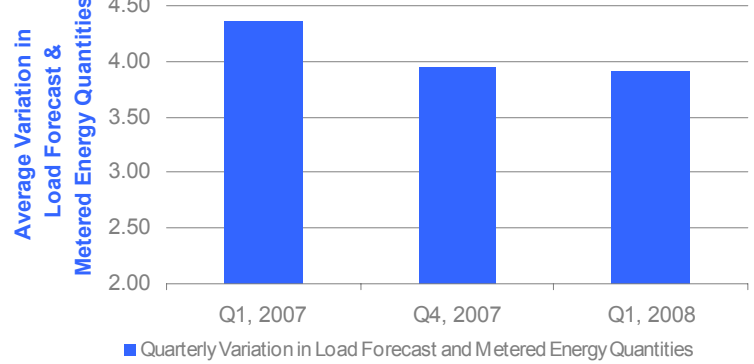


Chart 6: Variation in Real Time Load Forecast & Metered Energy Quantities



Energy Prices

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

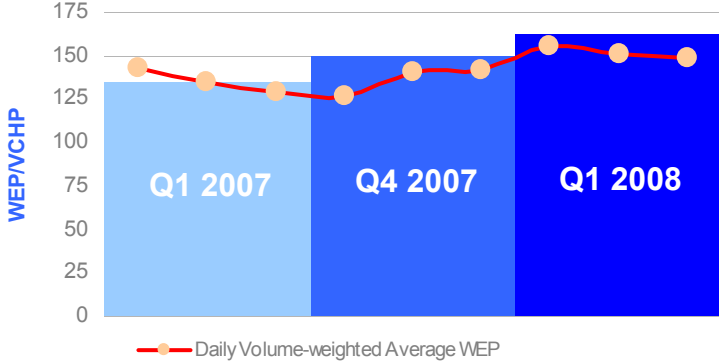


Chart 8: Comparison of Metered Energy Quantities

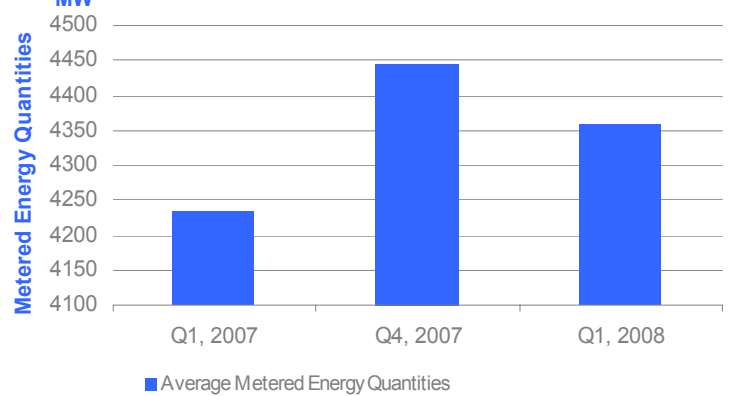


Chart 9: Percentage of Hours when WEP Falls Into a Particular Price Range

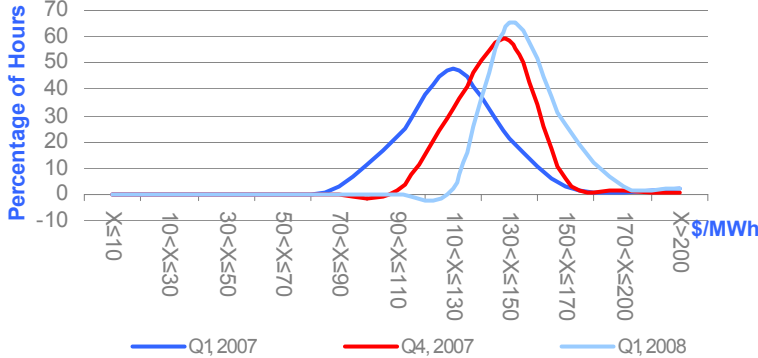


Chart 10: Percentage of Metered Energy Quantities when WEP Falls Into a Particular Price Range

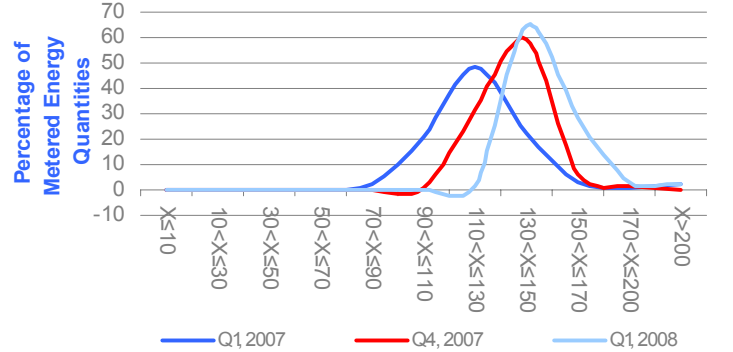


Chart 11: Correlation between WEP & Metered Energy Quantities

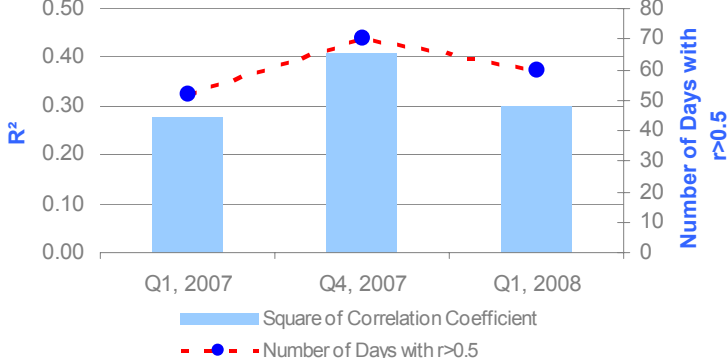
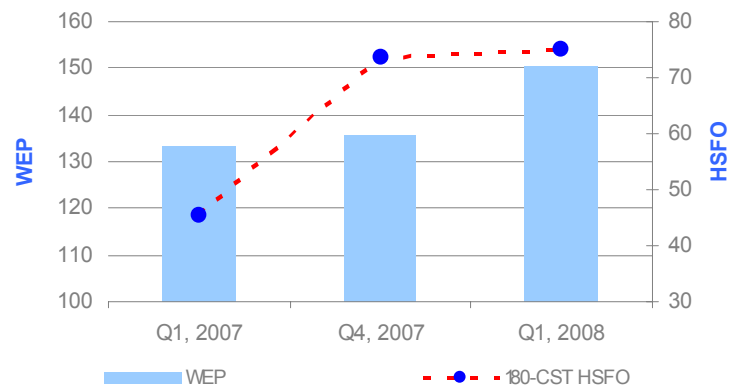
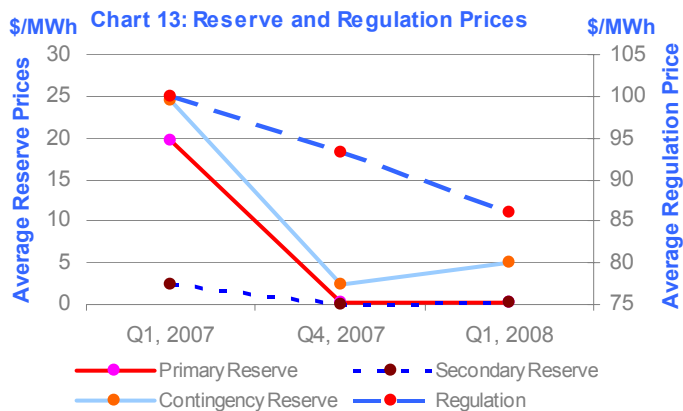


Chart 12: WEP vs Fuel Oil Prices (HSFO)



Ancillary Prices



Market Compliance

Table 2: Compliance Statistics for Q1 2008

No. of cases of potential rule breaches	168
<i>Self-reports</i>	5
<i>Referrals/Complaints</i>	163
<i>MSCP initiatives</i>	0
No. of determinations	147
<i>Rule breach</i>	0
<i>No rule breach</i>	134
<i>No further action</i>	13
Enforcement	
No. of cases with enforcement action	0
- <i>Financial penalty</i>	0
- <i>Letter of non-compliance</i>	0
Total amount of financial penalties	\$0
Total amount of costs	\$0

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.