

MSCP Market Watch

Second Quarter (Jul-Sep) 2007/08

Issue 5

Table 1: Indicators of Market Performance

	2006/07 Q2	2007/08 Q1 Q2	
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	150.51	113.84	124.02
- WEP	151.29	115.35	124.77
- VCHP	147.90	121.14	137.25
<i>Ancillary (\$/MWh)</i>			
- Primary Reserve	9.88	2.15	4.52
- Secondary Reserve	1.04	0.14	0.07
- Contingency Reserve	23.61	3.72	5.54
- Regulation	49.82	62.07	36.46
Average Reserve Cost (\$)	371,633	65,167	102,771
HSFO Spot (US\$/barrel)	49.69	54.33	59.94
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,425	4,610	4,613
- Peak	5,385	5,675	5,689
<i>Metered Energy Quantities (MW)</i>			
- Average	4,275	4,449	4,465
- Peak	5,274	5,535	5,552
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	79.59	75.30	82.12
- OCGT	0.64	0.08	0.12
- OT	40.66	39.90	44.03
- ST	23.68	25.81	16.75
Supply Cushion (%)	22.31	21.82	23.86
<i>Total Outages (MW)</i>			
- Planned	6,319,122	5,304,059	5,620,947
- Unplanned	20,160	694,735	211,010
- Forced	108,160	64,430	147,875
Offers less than \$100/MWh (%)	64.74	74.26	65.16

Market Performance

After dropping to \$113.8/MWh in the last quarter, the average energy price edged nearly 9 percent higher to \$124.0/MWh. The higher price came amid an upward revision in energy offer prices, with the percentage of offers under \$100/MWh dropping from 74.3 percent in Q1 2007/08 to 65.2 percent this quarter. The higher energy price was reflective of rising fuel oil and hence vesting contract hedge prices. With the lowering of the vesting contract level from 65 percent to 55 percent of demand commencing 1 July 2007, this is also the first quarter in which the effect of this regulatory change may be observed.

The improving supply cushion due to an increase in the average CCGT plant availability by nearly 15 percent helped alleviate some of the price pressure. The higher CCGT supply was mainly due to higher CCGT availability as CCGT planned and unplanned maintenance plunged nearly 86 percent. An additional factor was higher contribution from the latest generator (490MW) to enter the market as it approached its full potential. These factors drove the CCGT capacity ratio to more than 80 percent.

Despite improved supply based on plant availability and supply cushion, the USEP hit the capped price of \$4500/MWh for one period on 28 July 2007 when supply was affected by the tripping of a CCGT unit and the withdrawal of a GT unit due to technical problems. This tightened supply occurred while three CCGT units were on planned maintenance. The four CCGT units together accounted for 24 percent of the CCGT installed capacity in the NEMS.

In the regulation market, the average price dropped more than 40 percent even though offer prices remained relatively unchanged. The main reasons for the lower price were higher regulation availability and improved energy supply cushion. Both factors resulted in a more stable regulation price trend, as fewer price spikes occurred in Q2 2007/08.



Professor Lim Chin
for Chair, Market Surveillance and Compliance Panel
5 December 2007

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

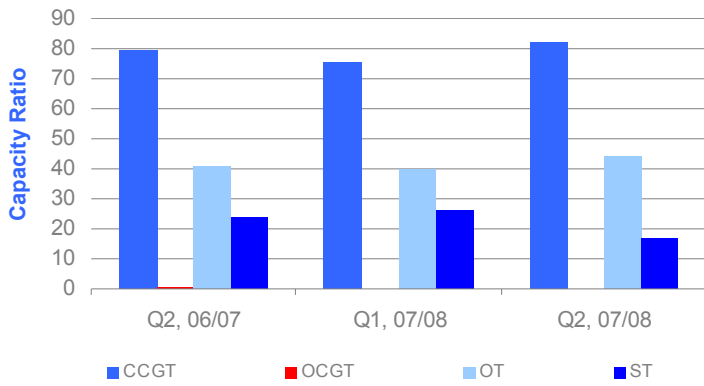


Chart 2: Relationship between USEP and Energy Supply Cushion - Q2 07/08

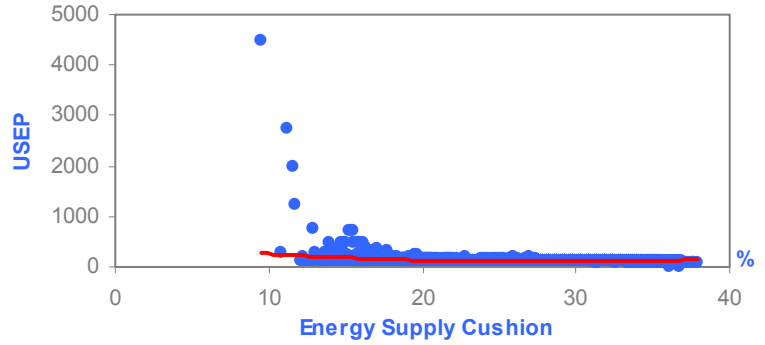


Chart 3: Comparison of Average Market Share by Generation Company Q2 07/08

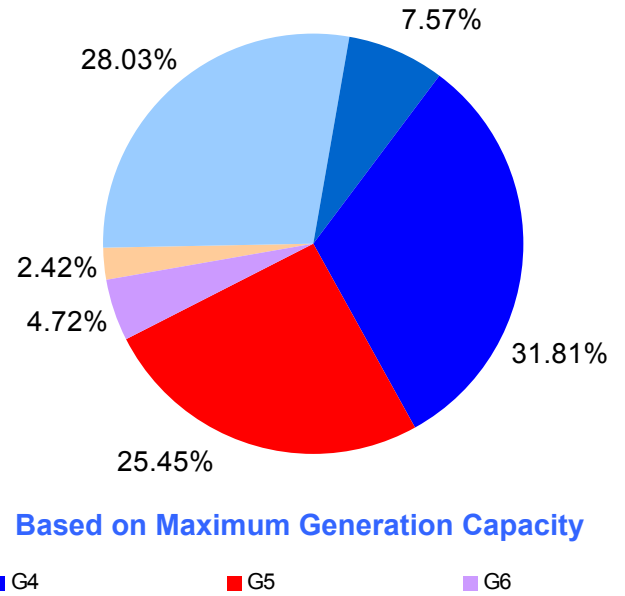
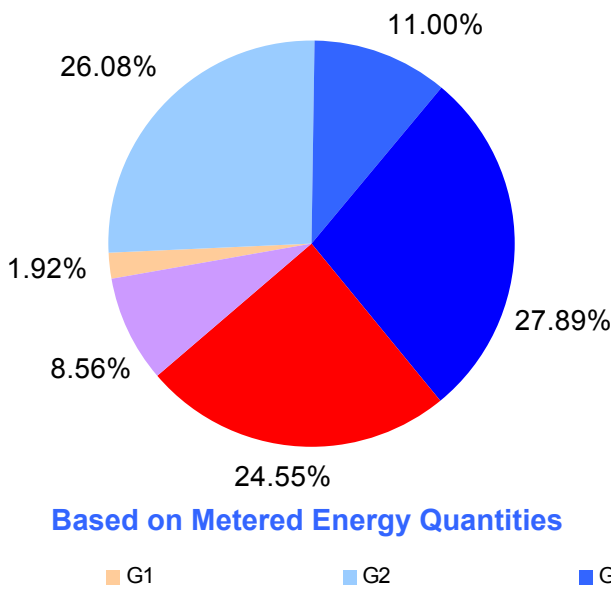
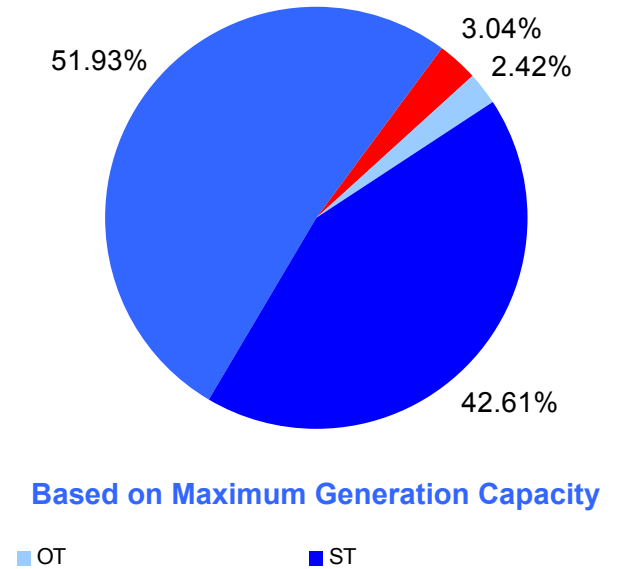
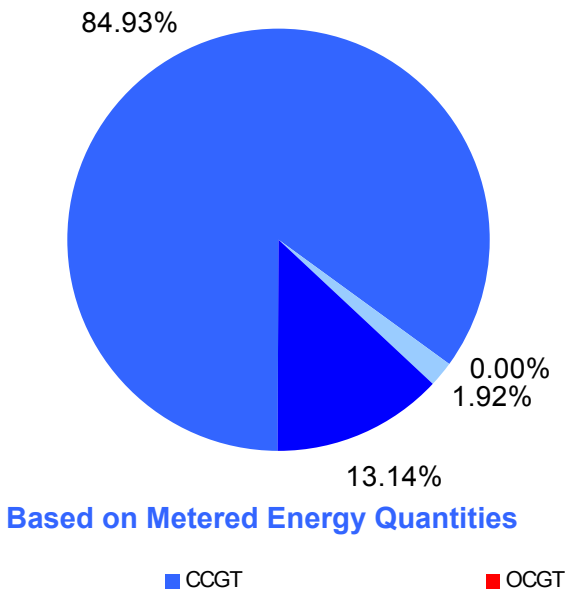
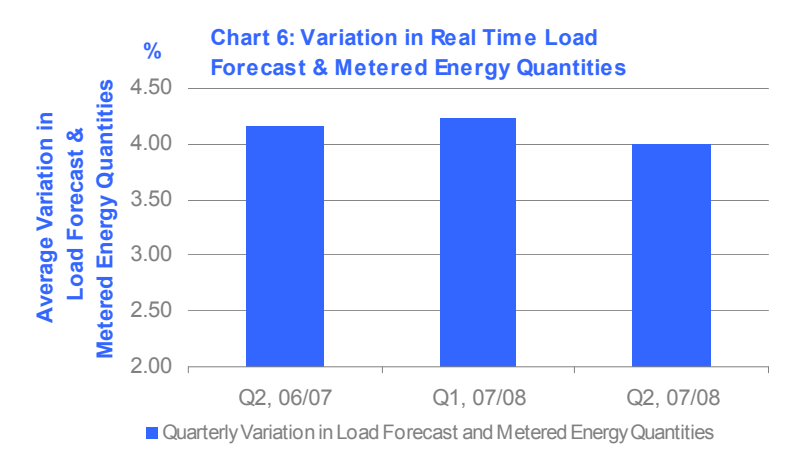
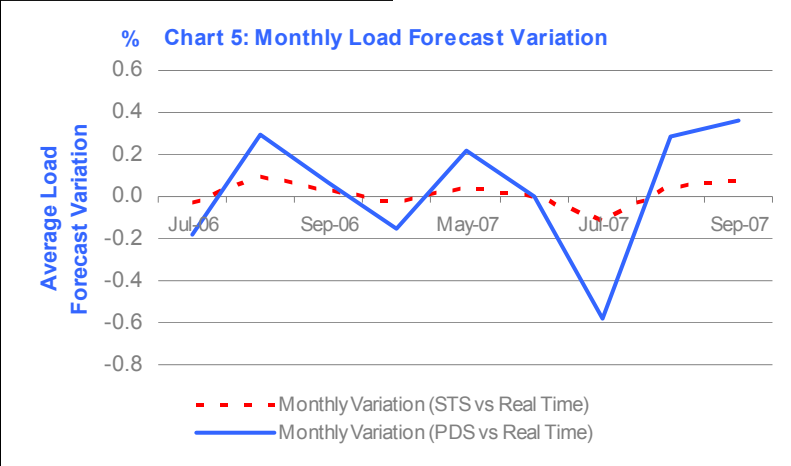


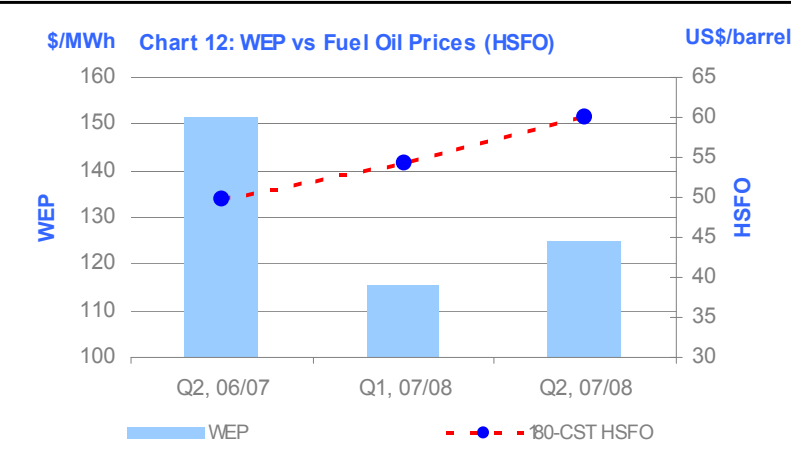
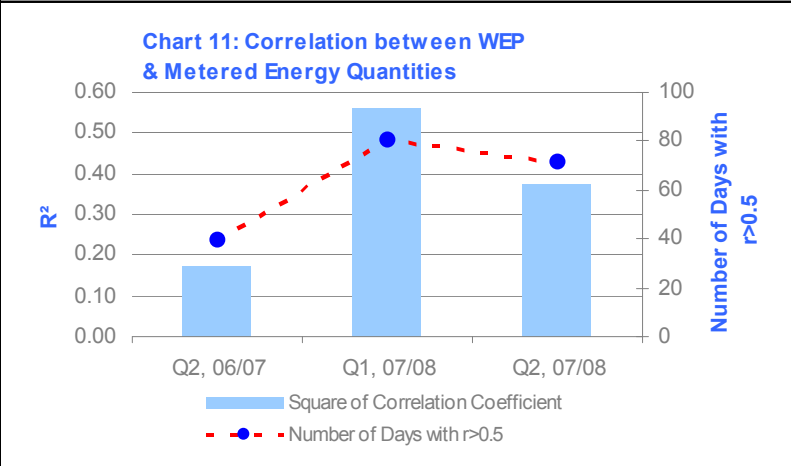
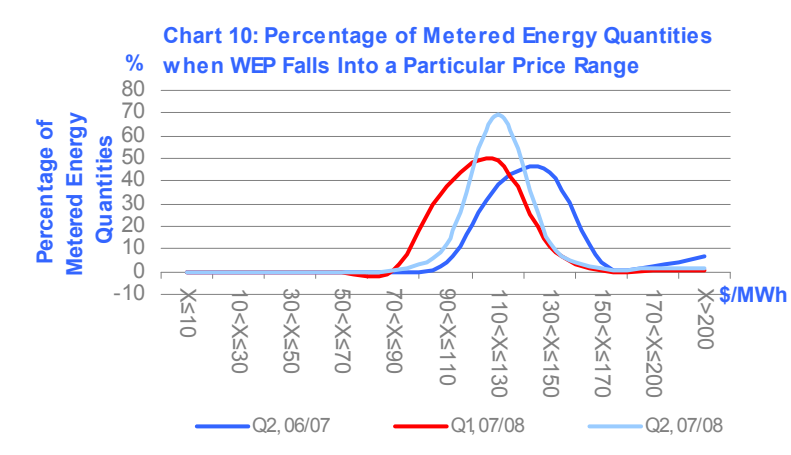
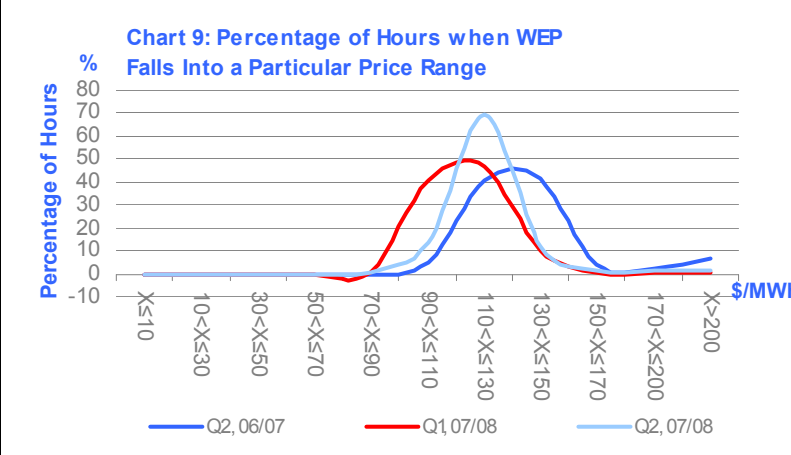
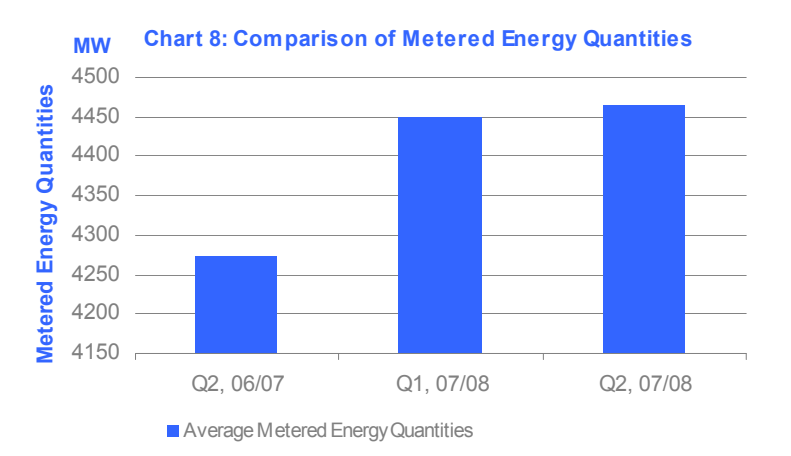
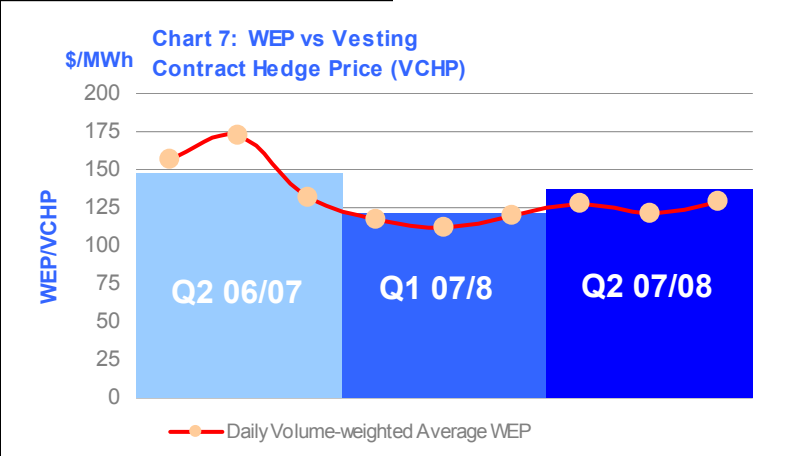
Chart 4: Comparison of Average Market Share by Generation Type Q2 07/08



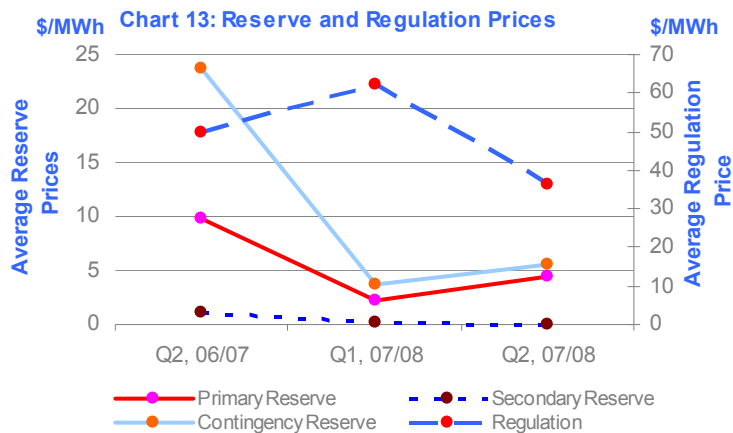
Demand Indicators



Energy Prices



Ancillary Prices



Market Compliance

Table 2: Compliance Statistics for Q2 2007/08

No. of cases of potential rule breaches	203
<i>Self-reports</i>	3
<i>Referrals/Complaints</i>	200
<i>MSCP initiatives</i>	0
No. of determinations	397
<i>Rule breach</i>	9
<i>No rule breach</i>	331
<i>No further action</i>	57
Enforcement	
No. of cases with enforcement action	9
- <i>Financial penalty</i>	0
- <i>Letter of non-compliance</i>	9
Total amount of financial penalties	\$0
Total amount of costs	\$9,500

The Market Surveillance and Compliance Panel comprises the following persons:

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

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