

MSCP Market Watch

Second Quarter (Jul-Sep) 2006/07

Issue 1

Table 1: Indicators of Market Performance			
	2005/06	2006/07	
	Q2	Q1	Q2
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	117.81	139.48	150.51
- WEP	120.26	140.78	151.29
- VCHP	117.38	139.44	147.90
<i>Ancillary (\$/MWh)</i>			
- Primary Reserve	26.75	32.39	9.88
- Secondary Reserve	5.07	1.97	1.04
- Contingency Reserve	25.06	11.61	23.61
- Regulation	106.35	56.84	49.82
Average Reserve Cost (\$)	513,700	364,315	371,633
HSFO Spot (US\$/barrel)	45.31	53.08	49.69
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,255	4,376	4,425
- Peak	5,292	5,446	5,385
<i>Metered Energy Quantities (MW)</i>			
- Average	4,116	4,229	4,275
- Peak	5,170	5,326	5,274
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	80.73	79.99	79.59
- OCGT	0.36	0.31	0.64
- OT	42.14	41.90	40.66
- ST	31.19	22.50	23.68
Supply Cushion (%)	24.62	24.09	22.78
<i>Total Outages (MW)</i>			
- Planned	3,671,687	5,263,552	5,850,162
- Unplanned	19,440	38,272	20,160
- Forced	68,017	140,169	127,405
Offers less than \$100/MWh (%)	72.88	62.62	61.93

Market Performance

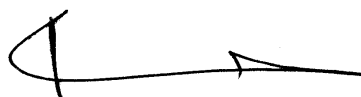
Average energy prices jumped nearly 8% higher for the period under review, as the average supply cushion tightened to 22.8% from 24.1%. The significant drop in the supply cushion was the result of divergence in demand and supply. While average demand edged slightly more than 1% higher, the average plant availability for dispatch retreated by 0.11%, as supply from all generation types dropped except for STs.

In particular, the MSCP observed a significant jump in average shoulder period prices, rising from \$136.5/MWh to \$175/MWh, compared to a 3% drop in average peak period prices. The price spike on 12 August was a contributing factor to higher average shoulder prices during this quarter. This happened when two generators tripped within a short period, leading to a temporary tightening of supply and a few periods of high prices in the region of \$3,000/MWh.

In addition, most high prices occurred in shoulder periods. A significant proportion of these were observed in July and August.

The tighter supply cushion and the drop in the percentage of offers of less than \$100/MWh were the main reasons behind the increase in the average shoulder period prices. While the average supply cushion for the quarter actually improved during peak periods, it dropped in the shoulder periods from 24% to 21.9%. At the same time, although the average capacity offered below \$100/MWh dropped across all periods, offers in the shoulder periods were worst hit, dropping close to 4%.

The MSCP is closely monitoring the supply situation and the underlying factors affecting high prices in shoulder periods.



Joseph Grimberg
Chair, Market Surveillance and Compliance Panel
15 November 2006

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

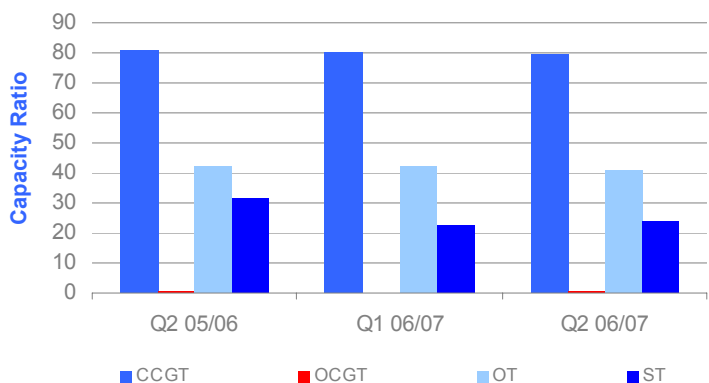


Chart 2: Relationship between USEP and Energy Supply Cushion - Q2 06/07

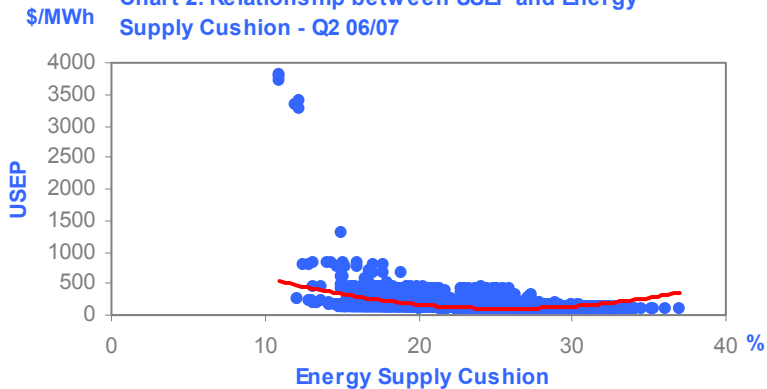
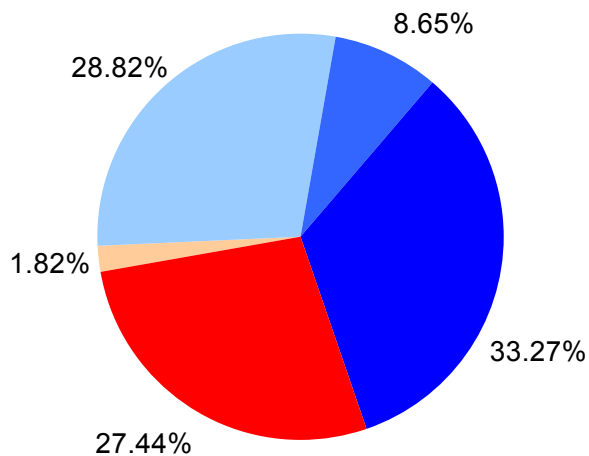
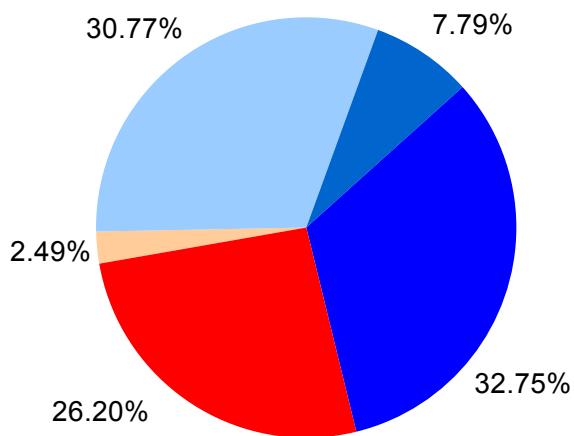


Chart 3: Comparison of Average Market Shares by Generation Company Q2 06/07



Based on Metered Energy Quantities

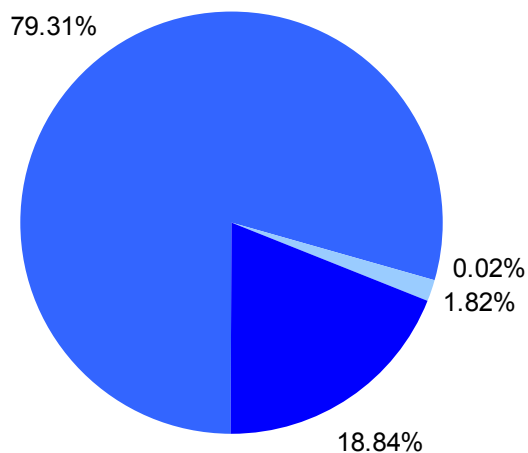
G1 G2 G3 G5



Based on Maximum Capacity

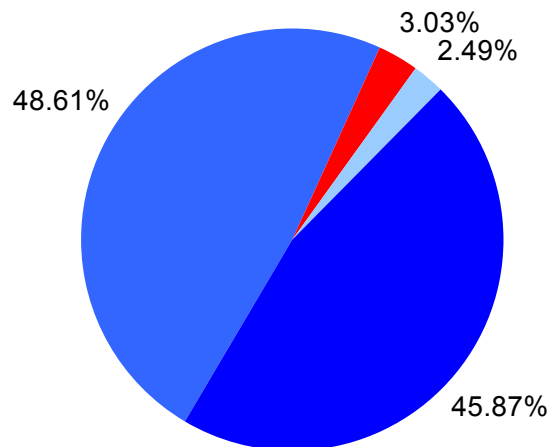
G2 G3 G4 G5

Chart 4: Comparison of Average Market Shares by Generation Type Q2 06/07



Based on Metered Energy Quantities

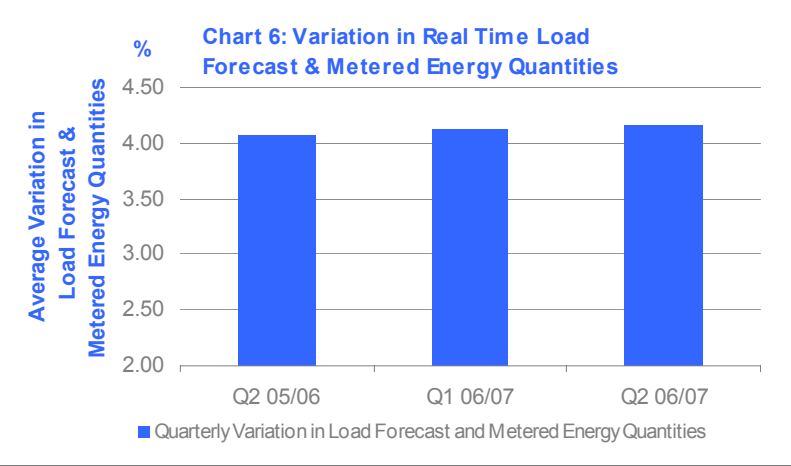
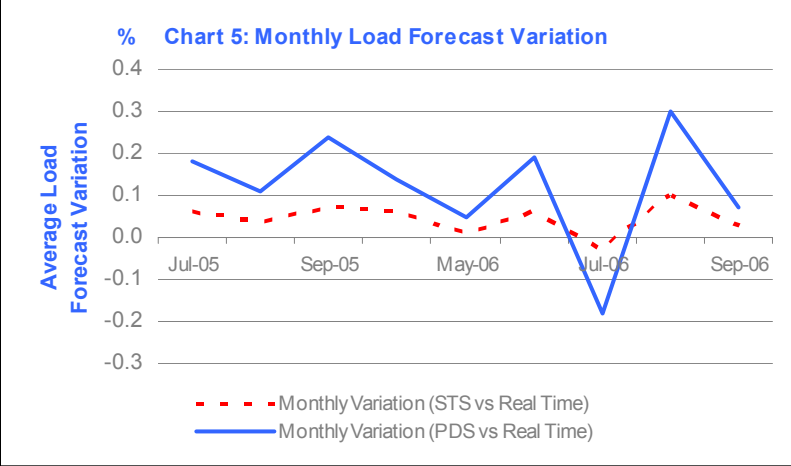
CCGT OCGT



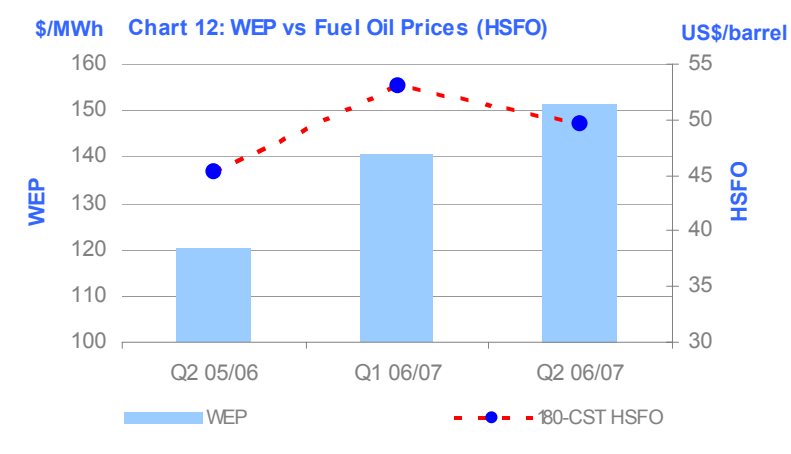
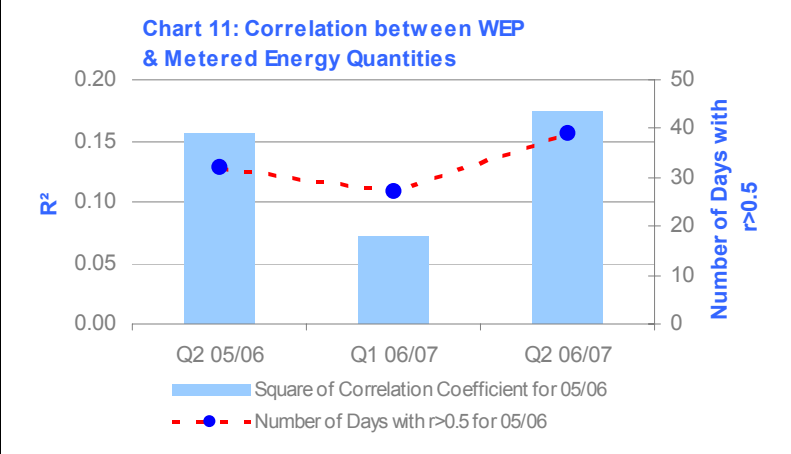
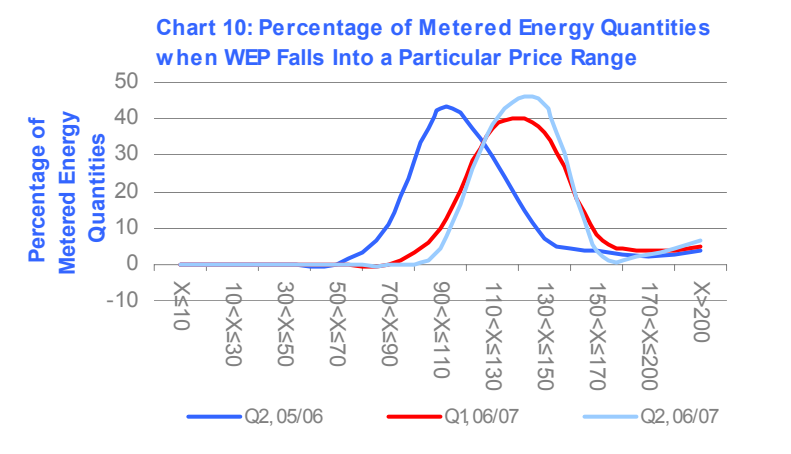
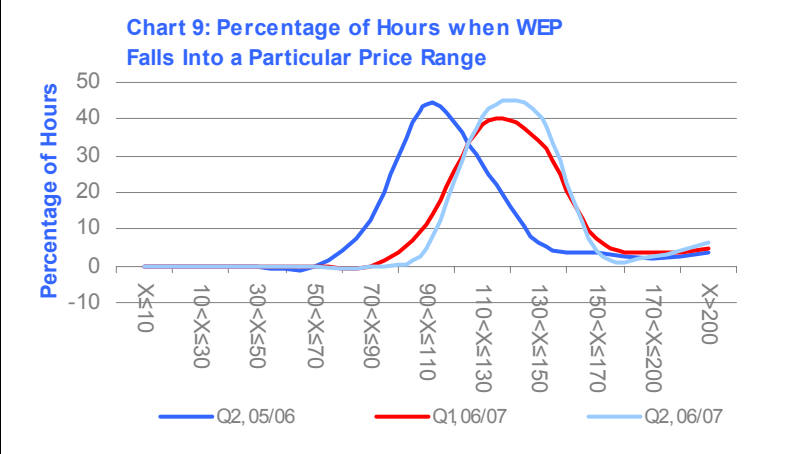
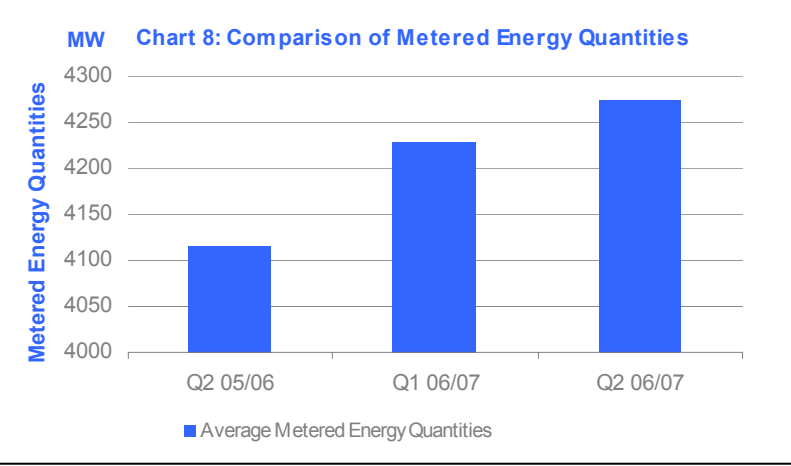
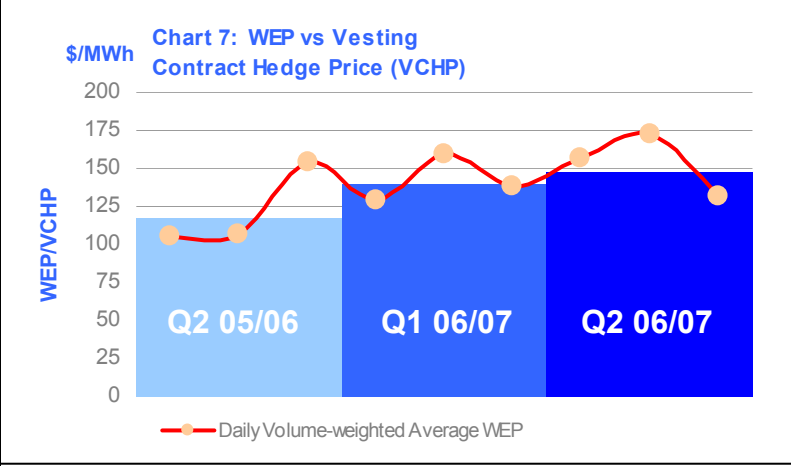
Based on Maximum Capacity

CCGT OCGT ST

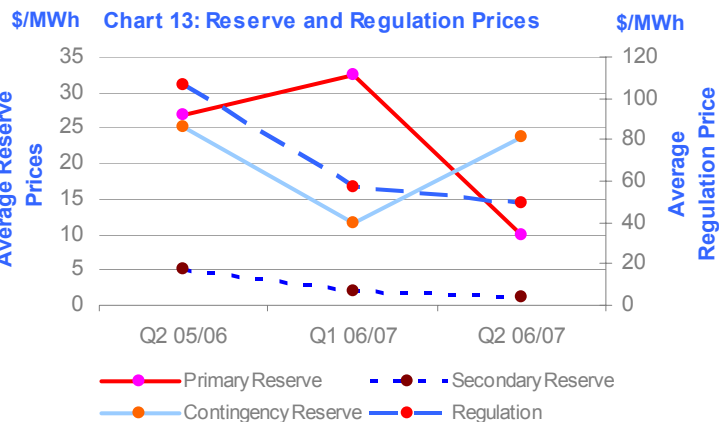
Demand Indicators



Energy Prices



Ancillary Prices



Market Compliance

Table 2: Compliance Statistics for Q2 2006/07

No. of cases of potential rule breaches	807
Self-report	2
Referrals/Complaints	804
MSCP initiatives	1
No. of determinations	765
Rule breach	6
No rule breach	609
No further action	150
Enforcement	
No. of cases with enforcement action	6
-Financial penalty	1
-Letter of non-compliance	5
Total amount of financial penalties	\$7,500
Total amount of costs	\$5,800
The details of the determinations are available at www.emcsg.com	

The Market Surveillance and Compliance Panel comprises the following persons:

- Joseph Grimberg SC, Chair
- Lee Keh Sai
- Professor Lim Chin
- TPB Menon
- David Wong

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