

MSCP Market Watch

Third Quarter (Jul-Sept) 2008

Issue 9

Table 1: Indicators of Market Performance

	2007	2008	
	Q3	Q2	Q3
Price Indicators			
<i>Energy (\$/MWh)</i>			
- USEP	124.02	187.04	195.96
- WEP	124.77	187.28	196.26
- VCHP	137.25	174.44	183.25
<i>Ancillary Services (\$/MWh)</i>			
- Primary Reserve	4.52	0.12	0.19
- Secondary Reserve	0.07	0.62	0.12
- Contingency Reserve	5.54	10.13	3.25
- Regulation	36.46	28.78	33.82
<i>HSFO Spot (US\$/barrel)</i>	59.94	93.05	102.54
Demand Indicators			
<i>Forecast Demand (MW)</i>			
- Average	4,613	4,772	4,661
- Peak	5,689	5,955	5,748
<i>Metered Energy (MW)</i>			
- Average	4,500	4,621	4,519
- Peak	5,552	5,831	5,596
Supply Indicators			
<i>Capacity Ratio (%)</i>			
- CCGT	82.12	80.90	80.67
- OCGT	0.12	0.23	0.11
- OT	44.03	44.08	42.58
- ST	16.75	21.67	19.40
<i>Supply Cushion (%)</i>	23.86	22.83	23.96
<i>Total Outages (MWh Cumulative)</i>			
- Planned	2,251,586	1,203,112	1,481,701
- Unplanned	468,217	610,135	591,156
- Forced	73,938	15,006	22,761
<i>Offers made below \$100/MWh (%)</i>	65.16	55.30	55.69

Market Performance

The average USEP in Q3 2008 continued to climb from \$187.04/MWh to \$195.96/MWh as the 180-CST HSFO average price rose for the seventh consecutive quarter to US\$102.54 per barrel. The VCHP rose by 5.1% to \$183.25/MWh, \$13/MWh lower than the average USEP.

The increase in the average USEP also coincided with a surge in total outages by 14.6%. A closer examination of the outages reveals that the increase was due to a large increase in planned ST outages, resulting in a corresponding increase of 23.2% in total planned outages. Over Q3 2008, total forced outages rose from 15,006 MWh to 22,761 MWh.

The percentage of offers made below \$100/MWh in Q3 2008 remained relatively unchanged. Average forecast energy demand fell by 2.34% to 4,661 MW, and peak forecast demand dropped from 5,955 MW to 5,748 MW. The 2.34% decline in average forecast demand was matched by a decline of only 0.88% in total offered energy volume. This led to a slight improvement in the supply cushion from 22.83% to 23.96% in Q3 2008.

Reserve prices mostly dropped in Q3 2008, with the exception of primary reserve prices, which rose slightly from \$0.12/MWh to \$0.19/MWh. Meanwhile, regulation prices rose to \$33.82/MWh.

There was no price spike over \$1000/MWh in Q3 2008.

Supply Indicators

Chart 1: Capacity Ratio of Generation Plants

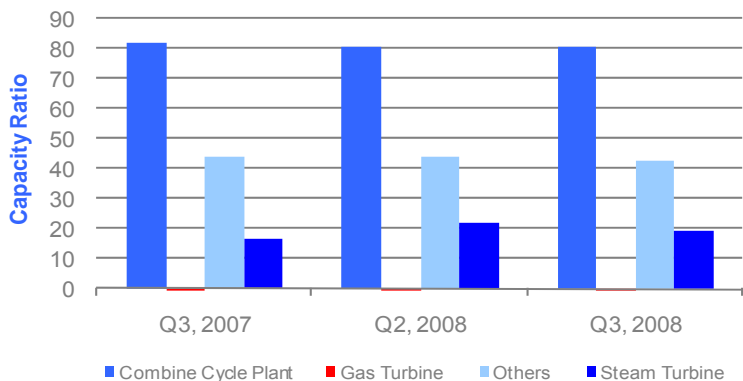


Chart 2: Relationship between USEP and Energy Supply Cushion - Q3 2008

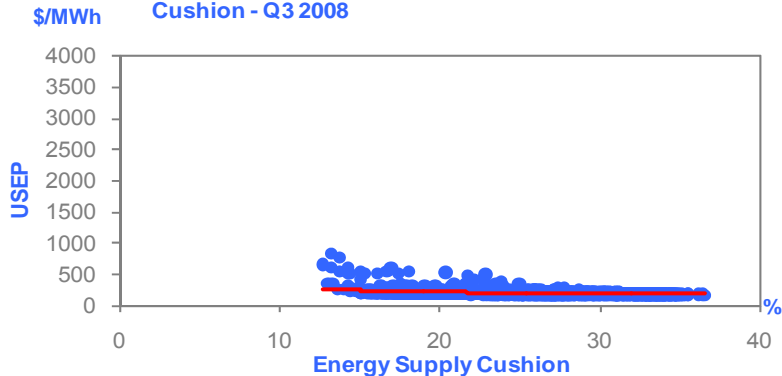


Chart 3: Comparison of Average Market Share by Generation Company Q3 2008

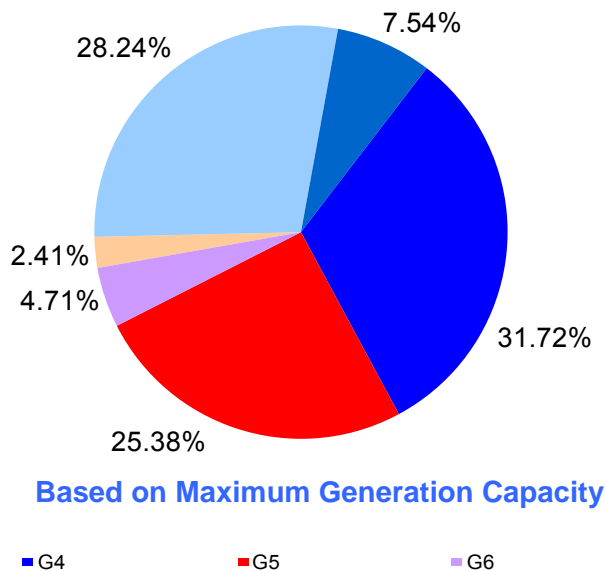
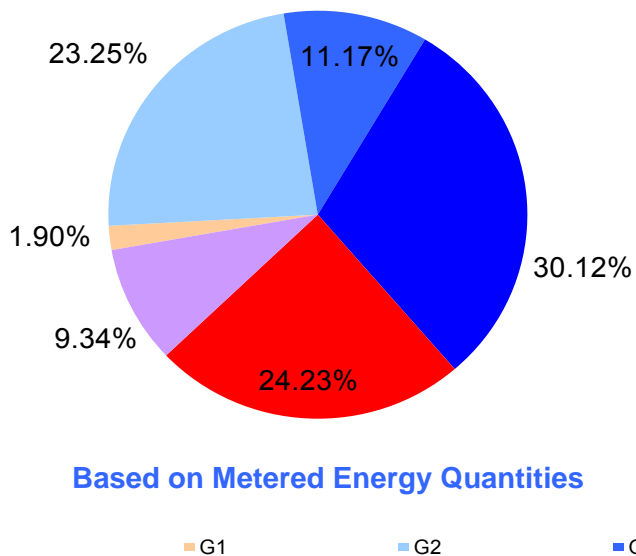
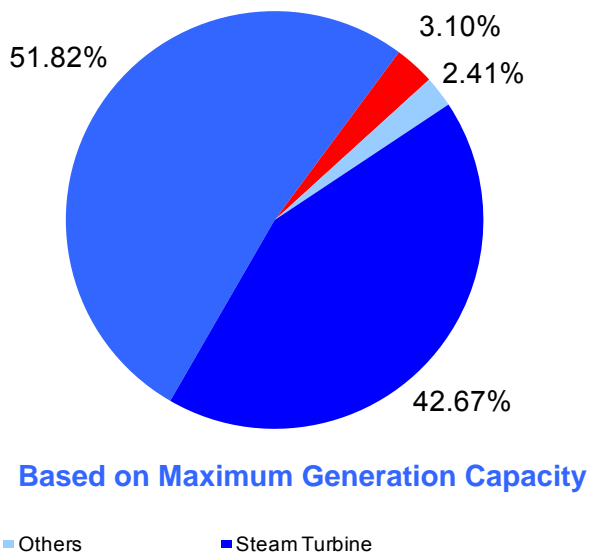
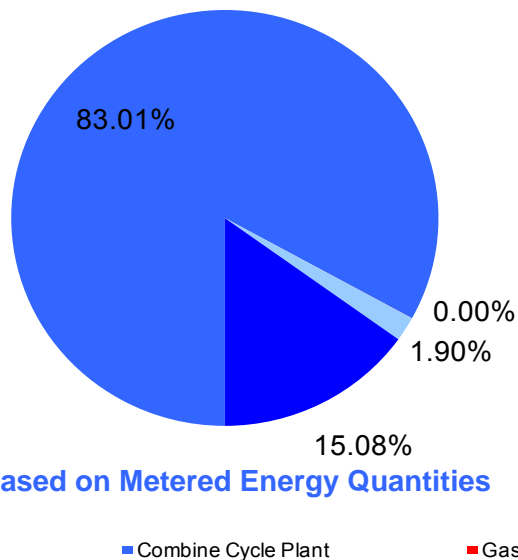
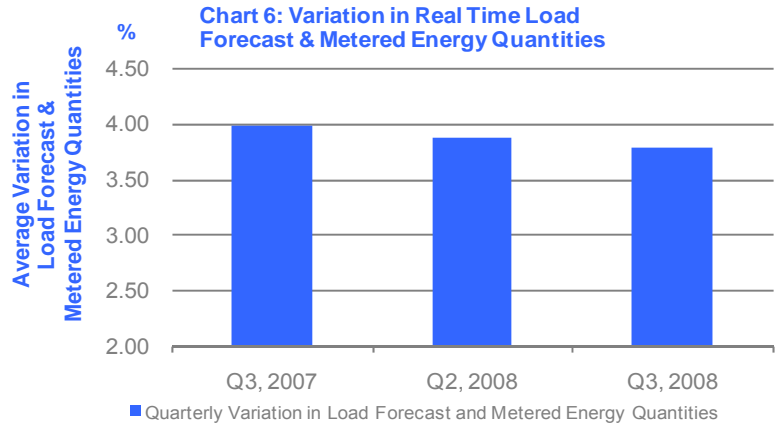
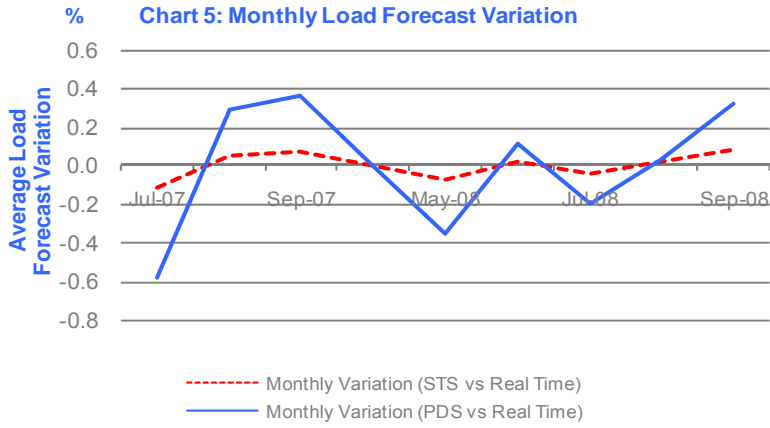


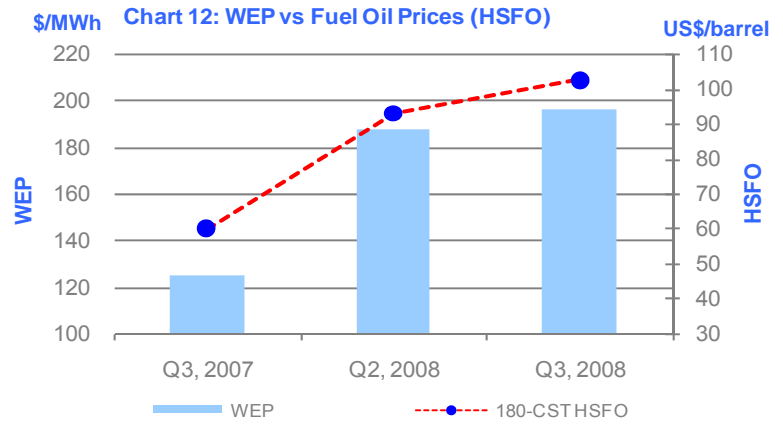
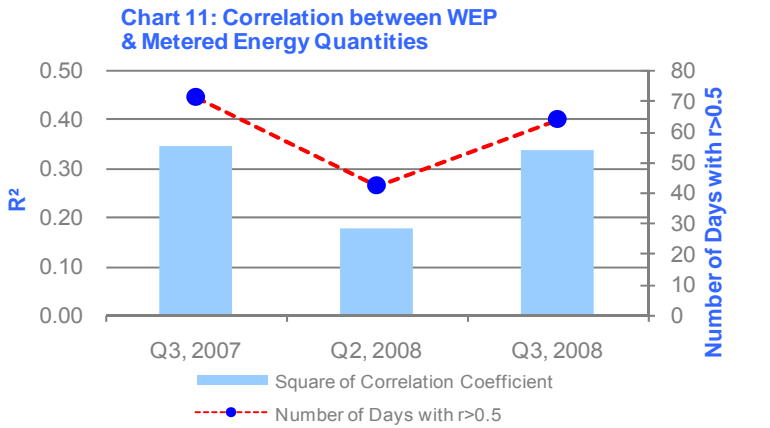
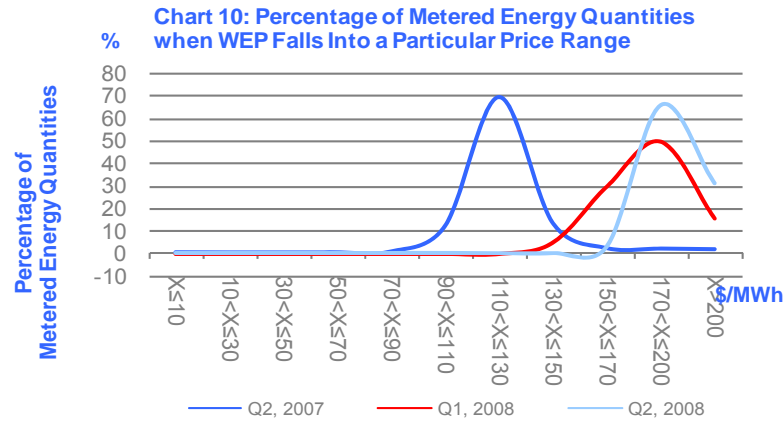
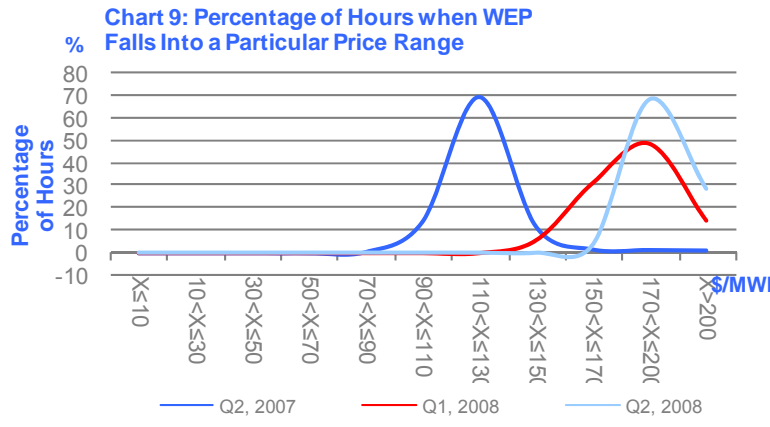
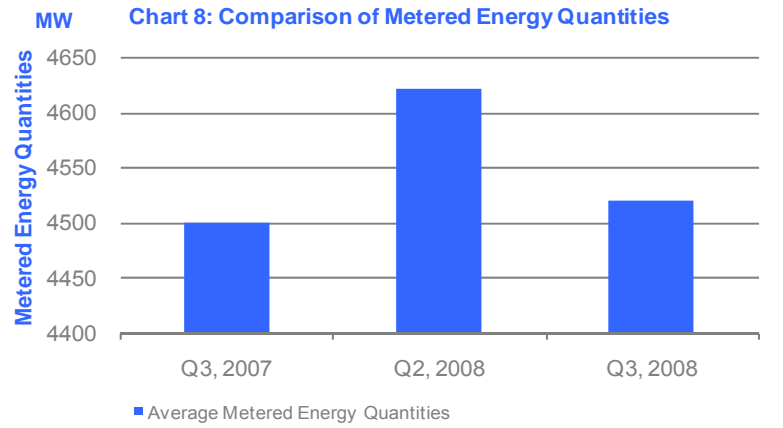
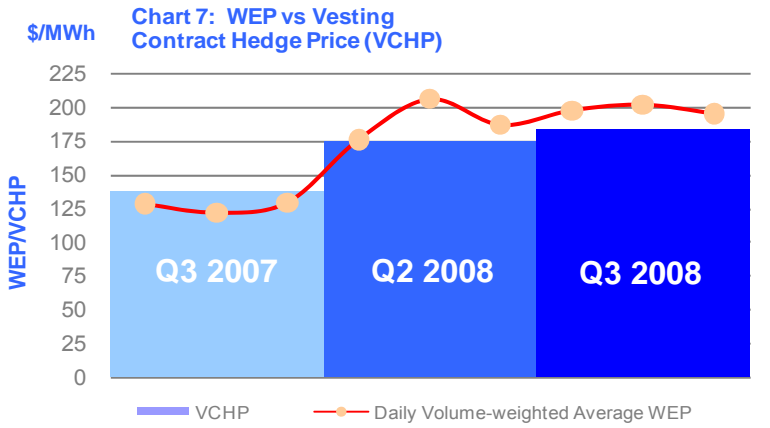
Chart 4: Comparison of Average Market Share by Generation Type Q3 2008



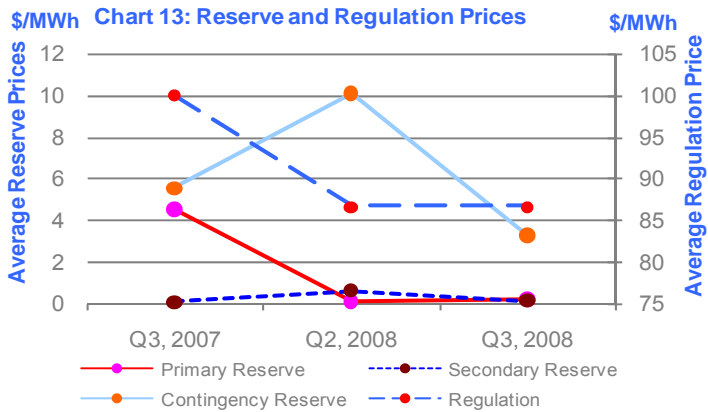
Demand Indicators



Energy Prices



Ancillary Prices



Market Compliance

Table 2: Compliance Statistics for Q3 2008

No. of cases of potential rule breaches	279
Self-reports	2
Referrals/Complaints	277
MSCP initiatives	0
No. of determinations	229
Rule breach	6
No rule breach	209
No further action	14
Enforcement	6
No. of cases with enforcement action	
-Financial penalty	0
-Letter of non-compliance	6
Total amount of financial penalties	\$0
Total amount of costs	\$6,000

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.