Market Performance

Average energy prices for Q1 2007/08 dropped 9% qoq to $113.8/MWh despite an increase in energy demand of 5%, a lower supply cushion and a lower percentage of offers below $100/MWh. This drop was even more staggering in the ancillary market, as the average prices dropped by more than 80% in all classes of reserves. Although the regulation price was still higher by 9.2% yoy, it almost returned to the level last seen before the high regulation prices started in October 2006.

Lower energy price volatility was evident as slightly more than 80% of the energy prices fell between $90/MWh and $130/MWh this quarter, compared to 69.9% in Q4 2006/07 and 49.6% in Q1 2006/07.

This quarter’s drop in energy prices and reduced energy price volatility were the result of improved plant availability, a lower volume of outages and a change in offer prices. A CCGT that had faced technical problems resumed operations, and a new CCGT became commercially operational. Average plant availability improved by 3.6%, led by a 9.3% rise in CCGT availability. In May 2007, overall plant availability crossed the 6,000MW mark for the first time since market start. Average outages dropped by around 20%, with lower outages recorded across anticipated and unanticipated outages. The ancillary market also saw the effects of improved supply in the energy market.

In its annual report for 2006/07, the MSCP observed that high prices tend to occur when the supply cushion drops below 15%. However, for periods when the supply cushion was less than 15%, the average energy price this quarter was only $179.2/MWh, compared to $808.4/MWh for the last quarter. This difference was due to offers of $500/MWh or less increasing substantially from an average of 5,269MW to 5,929MW qoq. During periods with a tight supply cushion, the USEP exceeded $500/MWh only 4.0% of the time this quarter, compared to 53.6% for the last quarter.

Professor Lim Chin
for Chair, Market Surveillance and Compliance Panel
14 August 2007

A User Guide on terms used in this publication is available for download from the Energy Market Company website at www.emcsg.com
## Supply Indicators

### Chart 1: Capacity Ratio of Generation Plants
- **Chart 1:** Capacity Ratio of Generation Plants
- **Legend:**
  - CCGT
  - OCGT
  - OT
  - ST

### Chart 2: Relationship between USEP and Energy Supply Cushion - Q1 07/08
- **Chart 2:** Relationship between USEP and Energy Supply Cushion - Q1 07/08
- **Legend:**
  - USEP
  - Energy Supply Cushion

### Chart 3: Comparison of Average Market Share by Generation Company Q1 07/08
- **Chart 3:** Comparison of Average Market Share by Generation Company Q1 07/08
- **Legend:**
  - G1
  - G2
  - G3
- **Sections:**
  - **Based on Metered Energy Quantities**
  - **Based on Maximum Generation Capacity**

### Chart 4: Comparison of Average Market Share by Generation Type Q1 07/08
- **Chart 4:** Comparison of Average Market Share by Generation Type Q1 07/08
- **Legend:**
  - CCGT
  - OCGT
  - OT
  - ST
- **Sections:**
  - **Based on Metered Energy Quantities**
  - **Based on Maximum Generation Capacity**
### Table 2: Compliance Statistics for Q1 2007/08

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<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Self-reports</td>
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<tr>
<td>Referrals/Complaints</td>
<td>446</td>
</tr>
<tr>
<td>MSCP initiatives</td>
<td>0</td>
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<tr>
<td>No. of determinations</td>
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<tr>
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<tr>
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<tr>
<td>Enforcement</td>
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<tr>
<td>No. of cases with enforcement action</td>
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</tr>
<tr>
<td>- Financial penalty</td>
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</tr>
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<tr>
<td>Total amount of financial penalties</td>
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<tr>
<td>Total amount of costs</td>
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</tr>
</tbody>
</table>

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**Ancillary Prices**

**Chart 13: Reserve and Regulation Prices**

- Average Reserve Prices
- Average Regulation Price

**Market Compliance**

The **Market Surveillance and Compliance Panel** comprises the following persons:
- Joseph Grimberg SC, Chair
- Lee Keh Sai
- Professor Lim Chin
- TPB Menon

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