

aboitiz outlook



September 24, 2008

WESM prices seen to normalize by October 2008

The Wholesale Electricity Spot Market (WESM) prices have been affected by the outage of the San Jose substation in Bulacan since July 11. The breakdown of two of its 16 transformers has reduced power transmission to the Metro Manila load center from most of the plants in Northern Luzon, which include Magat, Binga, Sual, Casecnan, and a few from Southern Luzon

This situation has caused a price separation between the North Luzon nodes and the rest of the Grid, i.e. lower prices in the North resulting from reduced dispatch. The limited dispatch of the North-based hydro and coal-fired plants has led to the dispatch of the more costly oil-fired plants to cover for the supply shortfall in Metro Manila. This has resulted to price spikes at some nodes in the WESM.

TransCo has arranged for the transfer of three 200-MVA transformers from its Kadampat Substation in Labrador, Pangasinan to temporarily replace the damaged transformers at the San Jose substation. The energization of the replacement transformers is expected by October 4, which should eliminate the congestion and lead to the normalization of WESM's market prices.

In the meantime, the energization of line 2 of the 230 kV Concepcion-Mexico transmission line on September 13 has eased up congestion and allowed the dispatch of an additional 300 MW of electricity from North-based plants. This is expected to increase to 600 MW as line 1 will be energized by the end of September.

Both the Magat and Binga hydro plants have experienced improvements in dispatch rates since September 13. We expect this to further improve as transformers are energized and as TransCo resumes the full dispatch of electricity from all available power sources.

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