

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2010/D4**

Market Surveillance and Compliance Panel (“MSCP”)

Mr Thean Lip Ping, Chair
Professor Lim Chin
Mr Lee Keh Sai
Mr TPB Menon
Mr Philip Chua

Date of Determination

20 July 2010

Party

Energy Market Company Pte Ltd (“EMC”)

Subject

EMC did not provide details of the EMC Settlement Clearing Account on the invoice issued by EMC to the market participants

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 5.8.2 of Chapter 7

“Each invoice issued by the EMC to a market participant shall show:

5.8.2.4 details of the EMC settlement clearing account, including the bank name, account number and electronic funds transfer instructions, to which any amounts owed by the market participant are to be paid in accordance with section 5.8.2.2.”

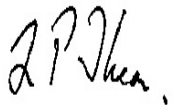
Facts and Circumstances

2. Arising from its audit of settlement functions in February 2010, EMC discovered that it had inadvertently overlooked the requirement of showing details of the EMC settlement clearing account on invoices issued to market participants.

3. EMC said that it had faithfully carried out all NEMS settlement audits from the start of NEMS in 2003. No audit issue has been raised in respect of the timeliness, completeness or accuracy of settlement invoices issued to market participants. From the start of NEMS, under section 5.10.1 of Chapter 7 of the market rules, all payments in respect of settlement matters from EMC to market participants or vice versa are made via electronic funds transfer through the NEMS settlement bank. Under section 5.16.10 of Chapter 7 of the market rules and section 9.1.2 of the market manual (market operations settlement) each market participant is to open and maintain a market participant bank account as the settlement clearing bank. Under section 9.1.2 of the market manual, this bank account must be opened with third party authorization access allowing EMC to direct debit/credit funds from/to market participants' bank account for NEMS settlement on payment date.
4. In view of the above centralized settlement platform as the transactions are settled via electronic funds transfer and all parties are using the same bank, EMC had inadvertently overlooked the requirement of showing details of EMC settlement clearing account on the invoices issued to market participants.
5. EMC said it would be proposing an amendment to the market rules to do away with the redundant requirements of section 5.8.2.4 of Chapter 7 of the market rules.

Determination

6. On 9 June 2010, the MSCP issued a letter informing EMC that it considered that EMC had prima facie breached section 5.8.2.4 of Chapter 7 of the Singapore Electricity Market Rules (the "market rules") and invited EMC to make written representations. EMC replied that it did not wish to make written representations.
7. The MSCP determined on the basis of the facts referred to above that EMC breached section 5.8.2.4 of Chapter 7 of the market rules.
8. However, the breach was self-reported and had no significant impact on the market.
9. Therefore, the MSCP determined that the appropriate enforcement action to be taken is to issue a letter of non-compliance to EMC and directs EMC to pay costs, fixed at \$1,300.



Thean Lip Ping
Chair, Market Surveillance and Compliance Panel