

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2011/D5**

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

15 December 2011

Party

PowerSeraya Ltd (“PowerSeraya”)

Subject

Failure to inform the PSO of the change in status of SER CCP3 on 30 July 2011

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 3.7.1 of Chapter 5

“Each market participant for a generation facility shall operate and maintain its facilities and equipment in a manner that is consistent with the reliable operation of the PSO controlled system and shall assist the PSO in the discharge of its responsibilities related to reliability. Such obligation shall include the following:

3.7.1.3 promptly informing the PSO of any change or anticipated change in the status of any generation facility in respect of which it is the market participant or any related equipment and that is under the dispatch control of the PSO as described in these market rules, or of any other change or anticipated change in its generation facilities or equipment that could have a material effect on the reliability of the PSO controlled system. Such change shall include any change in status that could affect the maximum output of a generating unit, the minimum load of a generating unit, the ability of a generating unit to operate with automatic voltage regulation or the availability of a generating unit to provide contracted ancillary services.”

2. Section 7.1.6 of Chapter 5

“The following outages of the following generation facilities do not need to be reported to or scheduled with the PSO pursuant to section 7.2 to 7.5 unless the generation facility has been designated by the PSO as affecting the reliability of the PSO controlled system:

- 7.1.6.4 an outage of a generation registered facility having a name-plate rating of more than 50 MW where the outage involves a de-rating of less than 10% of the generation facility's capacity and where such de-rating is not expected to last more than 72 hours"

Facts and Circumstances

3. The Energy Market Authority ("EMA") on 12 August 2011 requested PowerSeraya Ltd ("PowerSeraya") to explain why it did not offer its CCGT unit SER CCP3 from periods 1 to 44 on 30 July 2011.
4. PowerSeraya explained to the EMA that SER CCP3 was available and on standby from periods 1 to 15 and it was expected to synchronize at period 16. During the preparation to run-up, it experienced turbine barring problems. Troubleshooting continued and SER CCP3 finally synchronized at period 45.
5. The EMA then submitted a complaint against PowerSeraya for not promptly informing the PSO of the non-availability or change of status of its generating unit SER CCP3 on 30 July 2011.
6. In response, PowerSeraya said that on 30 July 2011 at 3:10hrs, it submitted the "Expected Plant Status of Generation Registered Facility" to the PSO stating that SER CCP3 would be available for a maximum of 370 MW from 10:00hrs from 30 July 2011 to 10:00 hrs on 31 July 2011 but on a standby basis.
7. PowerSeraya said that prior to 30 July 2011, SER CCP3 was under maintenance. On 30 July 2011, during the preparation to run up the ambient cold SER CCP3, the gas turbine experienced technical problem with the turning gear and the gas turbine rotor shaft went to a standstill mode and was unable to be put on turning gear mode. The problem turned out to be more complex than expected and took a longer time to resolve than anticipated. PowerSeraya's engineer was focusing on rectifying the technical fault and unintentionally omitted to keep the PSO informed of the problem with SER CCP3. As such, PowerSeraya failed to promptly inform the PSO of the non-availability or change in the status of SER CCP3.
8. PowerSeraya said that it has always operated its plants and offered its bids in a safe, reliable and responsible manner. On 30 July 2011, PowerSeraya had demonstrated its utmost urgency to resolve the technical problem quickly and synchronize the machine to the Grid. This was done with full support from PowerSeraya's maintenance department personnel and the OEM specialists. Following an internal postmortem assessment, moving forward, whenever PowerSeraya's engineers assess that any unit has developed a fault during preparation for run up and will likely take some time to resolve, PowerSeraya would inform PSO of the situation through the hotline.
9. PowerSeraya said that apart from the oversight in informing the PSO, it had acted responsibly.
10. Based on the facts provided by PowerSeraya, the MSCP determined that PowerSeraya had prima facie breached Sections 3.7.1.3 and 7.1.6.4 of Chapter 5 of the Singapore Electricity Market Rules (the "Market Rules").

11. On 28 September 2011, the MSCP wrote to PowerSeraya informing it that it was prima facie in breach of the market rules and invited PowerSeraya to make written representations to the MSCP before the MSCP makes its final determination and if so, the enforcement action to be taken. PowerSeraya was also reminded of its right to request for a hearing before the MSCP. However, PowerSeraya did not submit any written representation or request for a hearing by the expiry of the deadline.

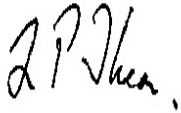
Findings

12. In view of PowerSeraya's admission and the evidence available to it as established above, the MSCP determined that PowerSeraya was in breach of sections 3.7.1.3 and 7.1.6.4 of Chapter 5 of the Market Rules on 30 July 2011.

Enforcement Action

13. On 4 November 2011, the MSCP informed PowerSeraya in writing that the MSCP has found it in breach of the market rules, and before considering the imposition of a financial penalty, the MSCP invited PowerSeraya to submit a mitigation plea if it wishes.
14. PowerSeraya responded to the MSCP in a letter dated 1 December 2011, stating the following:
 - “(a) The power plant consists of a complex network of interlinked equipment, electrical and control systems where an unforeseen failure can sometime occur.
 - (b) Under such a situation, PowerSeraya (“PS”) engineers will quickly investigate and resolve the problem expeditiously and have the CCGT synchronised accordingly as per dispatch schedule. However, troubleshooting such a complex and advanced engineering machine requires an amount of time which is difficult to predetermine accurately and may vary from a few minutes to several hours.
 - (c) PS has always operated its plant and bid in a safe, reliable and responsible manner. Moving forwards, PS has already put in place measures to ensure prompt machine status update to PSO. Whenever PS's engineers assess any unit has developed a fault during preparation for run up and if preliminary assessment shows it will likely take many hours to resolve, PS will promptly inform PSO of the situation through the hotline.”
15. The MSCP has carefully considered the available evidence, and has taken into account the points raised by PowerSeraya in mitigation of its breach. The MSCP concludes that while the rule breach was committed during a period of technical difficulty, PowerSeraya did not exercise due diligence when it failed to notify the PSO of the change in the status of SER CCP3.
16. PowerSeraya's failure to notify the PSO could have compromised system security of the PSO controlled power system if a supply shortage or system emergency occurred.

17. Under the circumstances, the MSCP takes a serious view of PowerSeraya's breach for its potential impact on system security. The MSCP hereby imposes a financial penalty of \$25,000 on PowerSeraya pursuant to section 7.2.8.5 of Chapter 3 of the Market Rules, and directs PowerSeraya to pay cost, fixed at \$3,000. The total sum of \$28,000 is to be paid forthwith.



Thean Lip Ping
Chair, Market Surveillance and Compliance Panel