

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2007/D9**

Market Surveillance and Compliance Panel (“MSCP”)

Mr Joseph Grimberg, Chair
Professor Lim Chin
Mr Lee Keh Sai
Mr TPB Menon

Date of Determination

31 August 2007

Party

Energy Market Company Pte Ltd (“EMC”)

Subject

Failure to validate Keppel Merlimau Cogen’s offer files on 11 January 2007

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 5.6.1 of Chapter 6

“When the EMC receives any offer, it shall:

- 5.6.1.1. stamp the offer with the time that it was received;
- 5.6.1.2 within five minutes, confirm receipt of the offer; and
- 5.6.1.3 within five minutes, validate the offer in accordance with section 5.7.1 and release information indicating that the offer has been:
 - a. accepted as valid; or
 - b. rejected, with reasons for the rejection.”

Facts and Circumstances

- 2. According to EMC, Keppel Merlimau Cogen reported that it was experiencing problems with the NEMS Trading Website “Web Offer” feature and was unable to upload its offer variation files from 18:16 hr to 19:21 hr on 11 January 2007.
- 3. EMC explained that on 11 January 2007 it implemented major systems changes into the NEMS system in relation to a server re-platform project and data delivery project. Shortly after the changes were implemented and the NEMS system was made available to the market again, the incident happened. EMC said that it found out that one of the configuration files was incorrectly pointing to a NEMS test server as opposed to the NEMS production server, and therefore unable to validate the files submitted by Keppel Merlimau Cogen.

4. Once it identified the source of the problem, EMC updated the configuration file and Keppel Merlimau Cogen was able to re-submit the offer files.
5. EMC said that before the systems were made available to the market after the outage, EMC tested the NEMS Trading Website pages by viewing and testing the functionality to ensure that the changes had been made successfully. As part of this testing, the Web Offer pages were viewed. However, as EMC did not have any access rights to submit offer submission files into the market, this functionality could not be tested.
6. As follow up action, EMC has proposed that for future NEMS changes that have an impact on the Web Offering functionality, the Trading Website be tested by market participants during the outage window for implementing changes. EMC will also monitor the status of offer submissions for 3 hours after any change that affects the Web Offer facility on the NEMS trading website as a proactive means to prevent such a breach in the future.
7. EMC said that the offer submission by Keppel Merlimau Cogen was for the following day and therefore it was not materially impacted by the non-confirmation of offer variation files.
8. This incident was self-reported, inadvertent, rectified quickly and did not have a significant impact on the wholesale electricity markets.

Determinations

9. On 29 March 2007, the MSCP issued a letter informing EMC that it considered that EMC had prima facie breached section 5.6.1.3 of Chapter 6 of the Singapore Electricity Market Rules (the 'market rules') and invited EMC to make written representations. No written representations were received by the deadline stipulated.
10. The MSCP determined on the basis of the facts referred to above that EMC breached section 5.6.1.3 of Chapter 6 of the market rules.
11. However, the breach was self-reported, rectified quickly and without significant impact on the wholesale electricity markets.
12. Therefore, the MSCP determined that the appropriate action to be taken was to issue a letter of non-compliance to EMC and to direct EMC to pay costs, fixed at \$1,000.00.



Lim Chin
for Chair, Market Surveillance and Compliance Panel