

**MINUTES OF THE 58<sup>th</sup> RULES CHANGE PANEL  
MEETING  
HELD ON TUESDAY, 8 NOVEMBER 2011 AT 9.35AM  
AT ENERGY MARKET CO. PTE LTD  
238A THOMSON ROAD #11-01  
NOVENA SQUARE, SINGAPORE 307684**

Present:	Dave Carlson Philip Tan Dallon Kay Sean Chan Chan Hung Kwan Robin Langdale	Daniel Lee Luke Peacocke Lawrence Lee Dr. Goh Bee Hua Kng Meng Hwee Michael Lim
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Absent with apologies:	Loh Chin Seng	Henry Gan
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In Attendance: (EMC)	Paul Poh Nerine Teo	Wang Jing Lucia Loh
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**1.0 Notice of Meeting**

The Chairman called the meeting to order at 9.35 am. The Notice and Agenda of the meeting were taken as read.

**2.0 Confirmation of Minutes of the 57<sup>th</sup> Rules Change Panel Meeting**

The Minutes of the 57<sup>th</sup> Rules Change Panel meeting held on Tuesday, 13 September 2011 were tabled.

There being no amendment to the Minutes, the Rules Change Panel approved the Minutes.

**3.0 Matters Arising**

The Panel noted, as outlined, the follow-up actions for the matters arising have all been completed.

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**4.0 Summary of Outstanding Rule Changes**

The Panel noted the contents of the paper.

**5.0 Monitoring List**

The Panel noted the contents of the paper.

**6.0 Rules Change Workplan Status Update**

The Panel noted the contents of the paper.

**7.0 Deregistration of generation facility that is not directly connected to the Transmission System**

(Paper No. EMC/RCP/58/2011/307)

Ms. Nerine Teo informed that at the 57<sup>th</sup> RCP Meeting, the RCP supported the following changes to the deregistration procedures:

1. Remove the current requirement for SPPA to disconnect the GF from the grid
2. Inform the PSO, SPPA and MSSL upon deregistration of a GF

The RCP then tasked EMC to draft the rule modifications to reflect the above changes. Arising from the industry consultation on the rule modifications, the PSO proposed changes specifically:

1. To remove the need for PSO to consult SPPA during technical assessment of a GF under deregistration, as disconnection by SPPA is no longer required.
2. To avoid misinterpretation of “removal from service” as disconnection, PSO proposes for these words to be replaced with “cancellation of registration”

Mr. Kay asked if the industry will be notified of any deregistration of a facility. In reply to Mr. Kay’s query on the notification protocol to industry, Mr. Poh said that there is currently no requirement to inform the market when a unit is registered or deregistered from the market. However the RCP has supported the proposal to publish the capacity of registered facilities. If implemented this would enable one to be informed of facilities being registered or deregistered.

Mr. Philip Tan suggested that EMC provided market participants a detailed form for deregistration of facilities so that all required information will be included by the market participant. EMC was tasked to look into this.

The RCP supported EMC’s recommendation to modify the relevant rule modifications changes.

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**8.0 Review of Dispute Resolution Procedures**  
(Paper No. EMC/RCP/58/2011/308)

Ms. Nerine Teo informed that the EMC Board initiated a review of the current dispute resolution procedures on 22 July 2011. EMC received proposals from the DRC and the PSO as follows:

Proposal 1: Introduction of additional arbitration procedures (proposed by the DRC)

Introduce a detailed set of arbitration procedures as an appendix to Chapter 3 of the Market Rules.

Given the costs of including these arbitration procedures in the Market Rules and there has been no arbitration case to-date, the RCP **recommended** that the DRC use these additional proposed procedures as a guide in carrying out arbitration.

Proposal 2: Changes to qualifications of Dispute Resolution and Compensation Panel(DRCP) (proposed by the PSO)

To require that at least one of the members of the DRCP possesses experience in power systems operations.

The RCP recommended that the existing criteria be **retained** and instead, have the DRC appoint a member with experience in power system operations when selecting members to the DRCP.

EMC sought the DRC's view on PSO's proposal. The DRC commented that the PSO's proposal can be implemented in practice by enlarging the panel to include some members with experience in power system operation. He also added that there is no need for a rule change to implement the proposal.

Proposal 3: Align the process for selecting a mediator with that of selecting the arbitration tribunal (proposed by the PSO)

The selection process can be aligned on 2 fronts:

- a. Allow parties to dispute to select a mediator or allow DRC to select the arbitration tribunal
- b. Enable 3 mediators to be selected under mediation or restrict the number of members on the arbitration tribunal to 1 arbitrator

The Panel agreed to keep the 2 processes separately and retaining the existing selection criteria.

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The DRC agreed to the RCP's decision on 2 and 3 but reverted with a counter-proposal to make a reference to the arbitration procedures instead of including these procedures as part of the Market Rules.

EMC recommended that the RCP do not support the DRC's counter-proposal for the following reasons:

- RCP has indicated preference for these additional arbitration procedures to be used as a guide.
- Chapter 3, Section 3.9.21 already provides for the arbitration tribunal to decide on what procedures to follow. Thus, the arbitration tribunal can use the proposed additional procedures as appropriate

In summary, EMC does not recommend any changes for this DRP review. The next review will be carried out in 3 years' time, by 31 December 2014.

The Chairman informed that there are no disputes in the market for the process to be tested. There are a set of guidelines which can be used as reference and improvements can be made further in the future. The question really comes down to what degree the set of procedures should be fixed in the Market Rules, or left to the discretion of the DRC or the arbitration tribunal or whether there should be a balance of the three entities.

The Panel supported EMC's recommendation:

- a. not to support** the DRC's counter-proposal to make a reference in the Market Rules to the SEM Arbitration Rules;
- b. to update** the timeline for the next review to 31 December 2014 under Chapter 3, Section 3.15 of the Market Rules as set out in Annex 4;

**9.0 Review of composition of RCP (Concept Paper No. 34)**

Ms. Wang Jing presented the paper to assess the proposal to assign an equal number of votes for the generation licensee class, retail licensee class and wholesale trader class of MPs on the current Rules Change Panel (RCP). EMC also reviewed the impact of reducing the number of representatives from the generation and retail licensee class. On balance, EMC considered that there are insufficient reasons to increase the number of wholesale traders' representatives, reduce the number of representative of the generator and retailer class or change the current composition of the RCP.

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In response to Mr. Tan's query on changing the composition of the RCP and testing it on historical resolutions passed by representatives at panel meetings, the Chairman informed that this can only be done on the assumption that members vote and block on the class they represent and there is no evidence to suggest that there was block voting taking place.

Mr. Kng disagreed that all service providers are categorized under the same group. It seems to imply that they will decide the same type of vote. E.g. the MUC rule change, the EMC and Transmission Licensee voted against PSO.

The Chairman informed that service providers are categorized under the same group because they are independent from the market players. It is not saying that all services providers always vote on the same side. The paper is trying to show the extreme case if they do vote on the same side.

Mr. Kay said that by looking at the current representation by class there is a generation class of RCP representatives and because of the licensing regime that only represents the larger generators. He suggested that generation license class in terms of qualifying RCP members be expanded to include the wholesalers that are small generators. So within that group of 3 representatives there can be diversity and those that qualify will be generators that have generation activities, whether large or small.

The Panel was informed that when nominations were invited for the appointments of new RCP members for the next term, the wholesale traders (both ILs and small generators) were also invited. The wholesaler representatives may be from a small generator.

Mr. Peacocke indicated that with the limited size of the RCP, it is not possible for every licence holder or interested party to be represented by a member from their organisation. However, for each rules change proposal, there were a number of consultations in the industry to get feedback from all the affected parties, not just licensees, and the RCP considers such views when deliberating on rule change proposals. He said that he has not seen the comments from the wholesaler generators come through this process.

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Panel members who Voted not to reduce generation and retail representation on the RCP are:

Mr. Daniel Lee	Representative of Generation Licensee
Dr. Goh Bee Hua	Representative of Consumers of Electricity in Singapore
Mr. Lawrence Lee	Representative of Market Support Services Licensee
Mr. Michael Lim	Representative of Consumers of Electricity in Singapore
Mr. Luke Peacocke	Representative of Generation Licensee
Mr. Philip Tan	Representative of Generation Licensee
Mr. Robin Langdale	Person experienced in Financial Matters in Singapore
Mr. Sean Chan	Representative of Retail Electricity Licensee

Those who abstained:

Mr. Chan Hung Kwan	Representative of Transmission Licensee
Mr. Kng Meng Hwee	Representative of the PSO

Those who voted to reduce the number of generation and retail representation on the RCP:

Mr. Dallon Kay	Representative of the Wholesale Electricity Market Trader
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By majority vote, the Panel supported not to reduce generation and retail representation on the RCP.

(Mr. Kng sought the Chairman's permission to leave the meeting)

**10.0 Review of Suspension Order Hearing Process**  
(Concept Paper No. 35)

Ms. Lucia Loh presented three proposals submitted by the Market Surveillance and Compliance Panel (MSCP) pertaining to suspension-related clauses in Chapter 3 the market rules.

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She informed that EMC do not support MSCP's first proposal **(A)** to extend the time allocated to conduct and conclude a suspension order hearing from the current 2 business days (BD) to 8BD, with provisions for extension, as it imposes significant costs on the market. Instead, EMC counter-proposed to shorten the default remediation process from 4BD to between 2–2.5BD, while increasing the duration for suspension order hearing from 2BD to 4BD.

Mr. Peacocke asked whether the hearing will proceed if the remedy was made during the suspension order hearing process. Mr. Poh informed that when EMC submits a suspension request, under the Market Rules, the MSCP will invite the market participant to a hearing to show cause as to why they should not be suspended. If the MP is able to rectify its default, then it is presumed that the MSCP would not proceed to issue a suspension order.

Ms. Loh then presented MSCP's second proposal **(B)** to modify sections 7.3.13 and 7.3.14. The MSCP felt that the current rules imposed conflicting obligations on them when suspending a generation, transmission or market support services licensee, as they are required to notify the Authority of its decision to suspend at the same time as when it is required to seek the Authority's approval for the suspension. While EMC concluded that there was no apparent conflict in the drafting, EMC supports refining the rules to clarify that the intent is for the MSCP, under such circumstances, to seek the Authority's approval first, before issuing the said suspension.

Ms Loh thereafter presented the third proposal **(C)** to modify section 7.3.12, as the use of the word "and" in the rules may prevent the MSCP from issuing other orders in lieu of a suspension order. EMC supports the amendment to give the MSCP the discretion to issue other orders, whether in lieu of, or in addition to, a suspension order.

The Chairman informed that MPs should have sufficient credit in order to meet their obligations and not impose costs on the market. The Chairman then put **Proposal A** to a vote.

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The following Panel member voted to **maintain** the current suspension timeline of 2BD :

- Lawrence Lee (Representative of Market Support Services Licensee)

The following members voted to support **EMC's Counterproposal A**:

- Daniel Lee (Representative of Generation Licensee Class)
- Dr. Goh Bee Hua (Representative of Consumers)
- Luke Peacocke (Representative of Generation Licensee Class)
- Philip Tan (Representative of Generation Licensee Class)
- Robin Langdale (Representative experienced in Financial Matters)
- Sean Chan (Representative of Retail Licensee Class)
- Dallon Kay (Representative of the Wholesale Electricity Market Trader Class)

The following members abstained from voting:

- Michael Lim (Representative of Consumers)
- Chan Hung Kwan (Representative of Transmission Licensee Class)

Thus, the Panel by majority vote **supported** extending the suspension order hearing process to 4BD, while reducing the deadline to remedy a default after the issue of a default notice to 1BD.

With regards to Proposals B and C, the Panel **unanimously supported** the recommendations to revise the rules to clarify that the MSCP should seek the Authority's approval before issuing a suspension order against a generation, market support services and transmission licensee (sections 7.3.13 and 7.3.14) and to give the MSCP the autonomy to issue other orders in lieu of and in addition to a suspension order (section 7.3.12).

The Panel tasked EMC to draft the relevant rule modifications.

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**11.0 Any Other Business - Update on Intelligent Energy System (IES) and Demand Response (DR) Working Groups**

Ms. Lucia Loh updated the Panel on the IES pilot by the Energy Market Authority (EMA). Specifically, the demand response initiatives of the IES pilot are closely intertwined with the issue on demand-side bidding, which was prioritised on the Workplan for this FY.

The Panel was informed that, as part of the DR working group, EMC will work with EMA in quantifying the benefits of the demand response pilot.

EMC was requested to forward the slides to the Panel by email.

There being no other matters, the meeting ended at 11.40am.

**Dave E Carlson**  
**Chairman**

Minutes taken by:  
Eunice Koh  
Senior Executive – Corp. Secretariat