



## Notice of market rule modification

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<b>Paper No.</b>	EMC/RCP/14/2004/187
<b>Rule reference:</b>	Defining Rules For Handling MCE Failure To Produce Real Time Schedule
<b>Proposer:</b>	Chok Kian Loong (Market Operations, EMC Pte Ltd)
<b>Date received by EMC:</b>	16 October 2002
<b>Category allocated:</b>	2
<b>Status:</b>	Approved by EMA
<b>Effective Date:</b>	7 September 2004
<b>Summary of proposed rules change:</b>	

While EMC takes every possible care to ensure the reliable and continuous operation of the MCE, there is a remote possibility that the MCE may fail to produce a real time schedule (RTS). When this happens, the rules are silent on the course of action to be taken by EMC.

To address this situation; it is proposed that EMC issue a price revision advisory notice pursuant to Section 9.3.2B, Chapter 6 of the Market Rules. This is done by adding a new section 9.2.6, Chapter 6 which extends the application of the existing section 9.3.2B to this situation. After issuing a price revision notice, EMC would be able to re-run the MCE at a later stage and try to recreate the RTS.

<b>Date considered by Panel:</b>	6 July 2004
<b>Date considered by EMC Board:</b>	29 July 2004
<b>Date considered by Energy Market Authority:</b>	27 August 2004
<b>Proposed Rule Modification:</b>	

Refer to attachment

**Reasons for rejection/Reasons for referral back to Panel (if applicable):**



PAPER NO. : **EMC/BD/04/2004/03(b)**

RCP PAPER NO. : **EMC/RCP/14/2004/187**

SUBJECT : **DEFINING RULES FOR HANDLING MCE FAILURE TO PRODUCE REAL TIME SCHEDULE**

FOR : **DECISION**

PREPARED BY : **SHASHANK SWAN**

VETTED FOR QUALITY BY : **DR CHIAO YEN-SHONG  
Chief Economist**

APPROVED BY : **PAUL POH LEE KONG  
General Manager, Market Administration**

DATE : **29<sup>th</sup> July 2004**

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### **Executive Summary**

This paper assesses a rule modification request by EMC to add a new section of rules that describes the responsibility of EMC when the MCE fails to produce a real time schedule. The proposed addition makes the rules more robust. No change to the market system is required. RCP recommends that the EMC Board **adopt** the proposal.

## 1. Introduction

The purpose of this rule change is to amend the rules to specify the actions to be taken by the EMC if the market-clearing engine (MCE) fails to produce a real time schedule (RTS) for any dispatch period. Currently, the Market Rules do not deal with this situation.

## 2. Background

Section 9.2 of Chapter 6 of the Market Rules requires that the EMC uses the MCE to produce real time schedules comprising a real time pricing schedule (RTPS) and a real-time dispatch schedule (RTDS) prior to the commencement of each dispatch period. Normally, the RTDS will be produced and sent to the PSO approximately two minutes before the start of the relevant dispatch period. The RTDS indicates all the quantities to be scheduled for each generation facility and the RTPS indicates the applicable prices that will be paid for energy, reserve and regulation for the relevant dispatch period.

When the MCE fails to produce a RTS, optimized dispatch quantities and prices will not be available for dispatch and settlement. While the rules are clear in stating the PSO's obligations in issuing dispatch instructions in this situation, they are silent on the subsequent course of action to be taken by the EMC. This rule change aims to address this situation<sup>1</sup>.

The proposed text for the modification is provided in ANNEX 1.

## 3. Economic Analysis

### 3.1 Current Situation

While EMC takes every possible care to ensure the reliable and continuous operation of the MCE, there is a remote possibility that the MCE may fail to produce a RTS. When this happens, the PSO will generally use the last available short term schedule (STS) as the basis for issuing dispatch instructions under section 9.1.2.2 of Chapter 5 of the Market Rules. If required, the PSO's dispatch instructions may deviate from the information contained in the STS to ensure that system reliability and security requirements are satisfied.

However, the current Market Rules are silent on actions the EMC must take in respect of its obligation to determine settlement prices and quantities when a RTS is not produced.

### 3.2 Proposed Solution

To clearly stipulate the actions to be taken by EMC when a RTS is not produced, it is proposed that EMC issue a price revision advisory notice pursuant to Section 9.3.2B, Chapter 6 of the Market Rules. Section 9.3.2B currently applies only to instances where provisional prices have been produced and are confirmed to be subject to revision by EMC.

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<sup>1</sup> The proposed rules in this paper only cover procedure for determining settlement prices. For determining settlement quantities (for reserve and regulation), separate paper will be presented in future RCP meetings.

The proposed new Section 9.2.6, Chapter 6 is intended to extend the application of section 9.3.2B to this situation. After issuing a price revision notice, EMC would be able to re-run the MCE at a later stage and attempt to re-create the real time pricing and dispatch schedules for settlement purposes for the affected dispatch period(s). This re-run process is already provided for in Sections 10.2 and 10.3 of Chapter 6 of the Market Rules. Hence, Section 9.2.6 ensures that a consistent approach is applied to similar pricing related situations.

#### Modifications to Section 10.2.2

In situations where the MCE is late in producing the real time pricing schedule, it is arguable that the existing rules allow such prices to be used for settlement. It is therefore proposed that the market rules be modified to make this intent clear.

#### **4. Assessment against Section 46(4) of the Electricity Act**

- The rule modification proposal does not unjustly discriminate in favour of or against a market participant or a class of market participants or the MSSL;
- It is consistent with the functions and duties of the Authorities under section 3(3) (g) (i) of the Electricity Act as it promotes fair and efficient market conduct.

#### **5. Conclusion**

In summary, the addition of the proposed new section to the Market Rules would give certainty to the procedure that EMC has to follow should the MCE fail to produce the real-time schedules. These proposed amendments would have no adverse impact on any market participant, the MSSL or the PSO.

#### **6. Impact on market systems**

No change to market systems is required.

#### **7. Implementation process**

No implementation time or costs involved.

#### **8. Consultation**

We have published the proposed text of modifications on the EMC website for comments. No comments have been received for consideration.

**9. Legal sign off**

Text of rule modification has been vetted by EMC's legal counsel to reflect the intent of the rule change submission.

**10. Recommendations**

The RCP has accepted by consensus EMC's proposed rule modifications and recommends that the EMC Board:

- a. **adopts** EMC's proposed rule modifications as set out in Annex 1;
- b. **seeks** the Authority's approval of EMC's proposed rule modifications; and
- c. **recommends** that the proposed modification come into force one business day after the date on which the approval of the Authority is published by the EMC.

