

Notice of Market Rules Modification

Paper No.: EMC/RCP/43/2009/286
Rule reference: Market Ops Market Manual – Settlement Chap 7/Sec 9
Proposer: Mkt Ops, Yuen Mei Yee
Date received by EMC: 21 April 2009
Category allocated: 1
Status: Approved By EMA
Effective Date: 17 June 2009

Summary of Proposed Rule Modification:

The EMC Board decided to change the SWEM's settlement clearing bank at its meeting on 26 March 2009.

The name of the clearing bank is specified in the Market Operations Market Manual for Settlements (Chapter 7).

The proposed amendments to the Market Operations Market Manual - Settlements (Chapter 7) are required to ensure that the Market Manual is consistent with the EMC's Board decision to change the clearing bank. EMC had informed MPs/MSSL of the change on 31 March 2009.

Date considered by Rules Change Panel: 05 May 2009
Date considered by EMC Board: 28 May 2009
Date considered by Energy Market Authority: 08 June 2009

Proposed rule modification:

See attached paper.

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

PAPER NO. : **EMC/BD/03/2009/6b**

RCP PAPER NO. : **EMC/RCP/43/2009/286**

SUBJECT : **CHANGE IN SINGAPORE WHOLESALE ELECTRICITY
MARKET'S (SWEM) SETTLEMENT CLEARING BANK**

FOR : **DECISION**

PREPARED BY : **NERINE TEO
ECONOMIST, MARKET ADMINISTRATION**

REVIEWED BY : **PAUL POH LEE KONG
SVP, MARKET ADMINISTRATION**

DATE OF MEETING : **28 MAY 2009**

Executive Summary

The EMC Board decided to change the SWEM's settlement clearing bank at its meeting on 26 March 2009.

The name of the clearing bank is specified in the Market Operations Market Manual for Settlements (Chapter 7).

The proposed amendments to the Market Operations Market Manual - Settlements (Chapter 7) are required to ensure that the Market Manual is consistent with the EMC's Board decision to change the clearing bank. EMC had informed MPs/MSSL of the change on 31 March 2009.

The RCP recommend that the EMC Board **adopt** this proposal.

1. Introduction

This paper presents the proposed amendments to the Market Operations Market Manual - Settlements (Chapter 7) arising from EMC's intended change of the Singapore Wholesale Electricity Market's (SWEM) settlement clearing bank.

2. Background

Under Chapter 7, Section 5.16.2 of the Market Rules, EMC is required to maintain its bank accounts at a single bank or financial institution in Singapore approved by the EMC Board. Accordingly, EMC currently maintains bank accounts with Citibank N.A, Singapore.

At its meeting on 26 March 2009, the EMC Board decided to appoint OCBC Bank as the new clearing bank for SWEM.

This decision is in accordance with Chapter 7, Section 5.16.3 of the Market Rules, which allows EMC to change the bank or financial institution on condition that the EMC Board deems that the new bank is reasonably acceptable and market participants (MP) are informed in writing at least 60 business days before the change takes effect.

We also note that in December 2008, EMC had formed a NEMS Security Task Force comprising representatives of MPs, Market Support Services Licensee (MSSL) and EMC to discuss the replacement of the existing SWEM clearing bank. MPs/MSSL were kept informed of the possible change in the course of the task force discussion. Following the EMC Board's decision to change the clearing bank, EMC notified the MPs/MSSL on 31 March 2009 of the change of the SWEM clearing bank from Citibank N.A, Singapore to OCBC Bank. The change is expected to take effect on 26 June 2009.

3. Analysis

Section 9 of the Market Operations Market Manual - Settlements (Chapter 7) currently states the following:

9.1 Bank accounts

The clearing bank appointed to manage the clearing and settlement of the new Singapore electricity market is Citibank N.A Singapore.

9.1.1 The EMC's bank account details

The EMC maintains the following *bank accounts* with the clearing bank to facilitate the clearing and settlement process. Details are as follows:

Clearing bank: Citibank N.A, Singapore
Address : 3, Temasek Avenue #14-00 Centennial Tower Singapore 039190

The EMC's *bank account* information will be made available on the EMC website, www.emcsg.com.

Consequential changes to the above section of the Market Manual are required to ensure that the Market Manual is consistent with the EMC's Board decision to change the clearing bank.

The proposed amendment removes the name of the clearing bank from the Market Manual. This is because it is not necessary to specify the name of the clearing bank in the Market

Manual as the Market Rules already requires EMC to publish the name of the clearing bank on its website.

The proposed amendments are set out in Annex 1.

4. Conclusion

The proposed amendments to the Market Manual are required to ensure that it is consistent with the EMC's Board decision to change the clearing bank.

5. Impact on market systems

There will be no impact on market systems.

6. Implementation process

There will be no implementation time or costs involved.

7. Consultation

We have published the rule modification proposal on the EMC website for comments. No comments were received.

8. Legal sign off

The text of the rule modification has been vetted by EMC's legal counsel to reflect the intent of the rule modification proposal.

9. Recommendations

The RCP unanimously recommend that the EMC Board:

- a. **adopt** the rule modification proposal to amend Section 9, Market Operations Market Manual on Settlements (Chapter 7) as set out in the Annex 1;
- b. **seek** EMA's approval for the rule modification proposal; and
- c. **recommend** that the rule modification proposal come into force **one business day** after the date on which the approval of the Authority is published by the EMC.

ANNEX 1

Existing Market Operations Market Manual on Settlement (Release 10 Sep 2008)	Proposed Market Operations Market Manual Settlement Rules (Deletions represented by strikethrough text and addition underlined)	Reason for Modification
<p>9.1 Bank accounts</p> <p>The clearing bank appointed to manage the clearing and settlement of the new Singapore electricity market is Citibank N.A Singapore.</p> <p>9.1.1 The EMC's bank account details</p> <p>The EMC maintains the following <i>bank accounts</i> with the clearing bank to facilitate the clearing and settlement process. Details are as follows:</p> <p>Clearing bank: Citibank N.A, Singapore Address : 3, Temasek Avenue #14-00 Centennial Tower Singapore 039190</p> <p>The EMC's <i>bank account</i> information will be made available on the EMC website, www.emcsg.com.</p>	<p>9.1 Bank accounts</p> <p>The <u>EMC shall appoint</u> a clearing bank appointed to manage the clearing and settlement of the new Singapore electricity market is Citibank N.A Singapore <u>Singapore wholesale electricity market.</u></p> <p>9.1.1 The EMC's bank account details</p> <p>The EMC maintains the following <u>bank accounts</u> with the clearing bank to facilitate the clearing and settlement process. Details are as follows:</p> <p>Clearing bank: Citibank N.A, Singapore Address : 3, Temasek Avenue #14-00 Centennial Tower Singapore 039190</p> <p>The EMC's <i>bank account</i> information will be made available on the EMC website, www.emcsg.com.</p>	<p>The EMC's Board's decision on 26 March 2009 to change the clearing bank for the Singapore Wholesale Electricity Market (SWEM) settlement.</p> <p>The name of the clearing bank need not be specified in this market manual as the Market Rules already requires EMC to publish name of the clearing bank on its website.</p>