FACTS AND CIRCUMSTANCES


2. From period 2 on 25 January 2018, SKRA G2 was operating on its gas turbine only. The steam turbine was taken out to replace its control oil circulation valve and was scheduled to synchronise to the system at period 12.

3. The synchronisation was delayed as the high-pressure casing evacuation valve in the steam turbine was stuck. The steam turbine was eventually synchronised and coupled with the gas turbine at period 17.

4. At 06:41hrs on 25 January 2018, Sembcorp Cogen made offer variations after gate closure for SKRA G2 to reflect the unavailability of the steam turbine for period 15.

5. The offer variations involved an indirect price change – Sembcorp Cogen did not reduce its offer quantity from its last price-quantity pair (i.e. in descending order of offer price).

6. Sembcorp Cogen submitted that starting up a steam turbine and coupling it with an operating gas turbine is not common for a cogeneration facility. The trader who made the offer variations was inexperienced and was also tasked to delay the synchronisation of the steam turbine with multiple operational considerations for the first time.
7. The trader in question has been reprimanded and served with a warning letter. She was also required to go through market training and a refresher course.

8. Sembcorp Cogen reminded all its traders to be meticulous about offer submission near gate closure and to refresh their understanding on the associated Market Rules.

9. On 9 May 2018, the Market Surveillance and Compliance Panel ("MSCP") wrote to inform Sembcorp Cogen that it considered Sembcorp Cogen to be in prima facie breach of section 10.4.1 of Chapter 6 of the Market Rules on 25 January 2018, period 15 and invited Sembcorp Cogen to make written representations, before the MSCP makes a determination.

10. On 22 May 2018, Sembcorp Cogen submitted its written representations to the MSCP, which may be summarised as follow:

(i) Sembcorp Cogen is working to digitalise its operations, including the development of a digital platform to perform handling and validation of offer submission against the Market Rules to prevent the submission of erroneous files.

(ii) This is an unintentional error by a young trader.

(iii) Sembcorp Cogen has good behavioural record.

APPLICABLE MARKET RULES

11. Section 10.4.1 of Chapter 6 of the Market Rules provides that

10.4.1 Notwithstanding sections 5.1.5, 5.1.6 and 5.1.7, no offer variation or revised standing offer shall be submitted by or for a market participant within 65 minutes immediately prior to the dispatch period to which the offer variation or revised standing offer applies, except:

10.4.1.1 where it is intended:

a. for a generation registered facility, to reflect its expected ramp-up and ramp-down profiles during periods following synchronisation or preceding desynchronisation; or

b. for a generation registered facility, to reflect its revised capability during a forced outage; or

c. to contribute positively to the resolution of an energy surplus situation pertaining to which the EMC has issued an advisory notice under section 9.3.1, by allowing for decreased supply of energy; or

d. to contribute positively to the resolution of energy, reserve or regulation shortfall situations pertaining to which the EMC has issued advisory notices under section 9.3.1, by allowing for increased supply of energy, reserve or regulation; or

e. to contribute positively to the resolution of energy, reserve or regulation shortfall situations in that dispatch period, where:
(i) the shortfall situations were indicated in a system status *advisory notice* issued by the *EMC* in respect of an *emergency operating state* declared by the *PSO*; and

(ii) at the time of submission of such *offer variation* or revised *standing offer*, the *EMC* has not yet withdrawn, in respect of that *dispatch period*, such system status *advisory notice*,

by allowing for increased supply of *energy*, *reserve* or *regulation*; and

10.4.1.2 where the price so *offered*, other than for additional quantities of *energy*, *reserve* or *regulation*, is the same as that previously *offered* for that *dispatch period*.

**ENFORCEMENT**

12. The MSCP determined based on the facts referred to above that Sembcorp Cogen breached section 10.4.1 of Chapter 6 of the Market Rules on 25 January 2018, period 15.

13. The incident was self-reported and did not have significant impact on the wholesale electricity markets. Sembcorp Cogen had also taken remedial actions to prevent the incident from recurring. Nonetheless, the incident was due to a human error and could have been avoided if Sembcorp Cogen had exercised due diligence.

14. The MSCP hereby imposes a financial penalty of $5,000 on Sembcorp Cogen and directs Sembcorp Cogen to pay costs fixed at $1,500.

T P B Menon  
Chair, Market Surveillance and Compliance Panel