

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2018/D4**

Market Surveillance and Compliance Panel

Mr T P B Menon, Chair
Mr Lee Keh Sai
Mr Philip Chua
Professor Euston Quah
Professor Walter Woon

Date of Determination

11 June 2018

Party

Energy Market Company Pte Ltd

Subject

Incorrect settlement components from 31 January to 8 February 2018

FACTS AND CIRCUMSTANCES

1. Energy Market Company Pte Ltd (“EMC”) submitted a self-report on 14 March 2018 regarding its incorrect settlement components from 31 January to 8 February 2018.
2. An operational lapse occurred when EMC carried out the standing data update to register a new embedded generation (“EG”) facility. Instead of tagging the new EG facility to its newly created settlement account, EMC tagged the facility to the market participant’s existing settlement account. This consequently impacted the settlement results of both settlement accounts.
3. Standing data updates is a manual process undertaken within EMC involving a three-person check, i.e. a preparer, checker and approver. There are operational steps put in place by EMC in carrying out standing data updates for new EG facilities.
4. The incident was uncovered on 22 February 2018. It was triggered by an enquiry from the market participant on the review of the settlement statement of a single market participant with multiple settlement accounts. From there, it was uncovered by EMC that the tagging was incorrect.
5. Upon discovery of the incident, EMC took immediate actions to rectify the issue:
 - a. released standing data to re-tag the facility to the correct settlement account ID for effective date 23 February 2018; and

- b. performed a backend update to the preceding standing data release versions to effect the correct standing data to the earliest possible settlement date of 9 February 2018.
6. The update was successfully completed and the facility was associated with the correct settlement account ID with effect from 9 February 2018. As a result, only nine settlement dates from 31 January to 8 February 2018 were affected.
 7. EMC has engaged an external auditor to verify the financial impact on settlement of the input data error and the proposed rectification required to make good the situation. EMC is still awaiting the outcome of the settlement audit report. Following completion of the audit, EMC will verify the proposed rectification amounts and make the necessary billing adjustment arrangement for the affected market participants.
 8. EMC has also communicated the incident to the affected market participants in the interest of transparency.
 9. To prevent recurrence of a similar incident, EMC has reviewed and adopted various measures to enhance the existing operational processes for the update of standing data and the daily settlements process. EMC will also explore the possibility of automating the processes to mitigate the risk of human error in the update of standing data in future.
 10. On 9 May 2018, the Market Surveillance and Compliance Panel (“MSCP”) wrote to inform EMC that it considered EMC to be in prima facie breach of sections 4.4.2 and 4.4.3.4 of Chapter 7 of the Singapore Electricity Market Rules (“Market Rules”) from 31 January to 8 February 2018, and invited EMC to make written representations, before the MSCP makes a determination.
 11. On 17 May 2018, EMC informed the MSCP that it would not be making written representations.

APPLICABLE MARKET RULES

12. Section 4.4.2 of Chapter 7 provides that

4.4.2 Subject to section 4.4.1, for each *settlement interval*, if the sum of positive injections of an *EGF group* into the *transmission system* is less than or equal to its associated *load*, the *EMC* shall determine the net *energy load credit* (NELC) for that group as follows:

$$NELC_h^{sa} = \sum_{m(sa)} [IEQ_h^{m(sa)} \times (USEP_h + HEUC_h - MEP_h^{m(sa)})]$$

Where:

sa = the *settlement account* assigned to that group

h = the *settlement interval*

$\sum_{m(sa)}$ = sum over all *MNNs* m(sa) associated with *settlement account* sa, excluding *MNNs* at which the injection *energy* quantity for *settlement interval* h is negative

13. Section 4.4.3.4 of Chapter 7 provides that

4.4.3.4 The *EMC* shall determine the *NEGC* for that group for the *settlement interval* as follows:

$$NEGC_h^{sa} = \sum_{z=1}^Z [T(z) \times (USEP_h + HEUC_h - MEP_h^{m(z)})] \times WPQ_{h(sa)}$$

where:

sa = the *settlement account* associated with that group

h = the settlement interval

Z = total number of *MNNs* for *settlement account* sa, excluding *MNNs* at which the injection *energy* quantity for the *settlement interval* is negative

WPQ_{h(sa)} = associated *load* for that group

ENFORCEMENT

14. The MSCP determined on the basis of the facts referred to above that EMC breached sections 4.4.2 and 4.4.3.4 of Chapter 7 of the Market Rules from 31 January to 8 February 2018.
15. This incident was self-reported. Although the incident resulted in a financial impact on the market, the affected amount is not significant. Nonetheless, it was due to human error and could have been avoided if EMC had exercised due care in its cross-checking process. Under different circumstances, the financial impact of such an error could have been significant.
16. The MSCP hereby imposes a financial penalty of \$7,500 on EMC and directs EMC to pay costs, fixed at \$1,500.



T P B Menon
Chair, Market Surveillance and Compliance Panel