FACTS AND CIRCUMSTANCES


2. On 27 September 2021 at 15:04 hrs (period 31), KMC’s duty trader submitted energy offer variations for KMCBLK1 as part of its routine trading operations. The offers were submitted via KMC’s internal web application with the relevant options selected to: (i) disable the function to change and submit offers for periods that fall within gate closure; and (ii) discard offers submitted within gate closure.

3. However, an unexpected error occurred in KMC’s internal web application. This led to the erroneous submission of offer variations after gate closure for KMCBLK1 for periods 32 and 33 on 27 September 2021. The said offer variations also involved a change in price which is not permissible under the Market Rules.

4. Following the incident, KMC has taken remedial actions, including investigating the issue with its system vendor and exploring with its system vendor the implementation of more robust validation rules and additional checks on the user interface in order to prevent similar occurrences in future. KMC has also updated its trading protocols and provided refresher training to the duty trader involved in this incident on the proper use of its internal web application for offer submission.
5. On 30 November 2021, the MSCP wrote to inform KMC that it considered it to be in *prima facie* breach of section 10.4.1 of Chapter 6 of the Market Rules for periods 32 and 33 on 27 September 2021. The MSCP invited KMC to submit written representations by 14 December 2021 before the MSCP makes a determination.

6. On 14 December 2021, KMC submitted its written representations to the MSCP. KMC explained that the offer variations were an unexpected outcome due to an error in KMC’s internal web application’s validation rules and the issue is still being investigated.

7. KMC also submitted the following points for the MSCP’s consideration:
   
   a. prior to this incident, KMC has been dutifully compliant with the Market Rules and this incident is its first breach of the gate closure rules;
   
   b. upon realisation of the unintentional breach, KMC had self-reported the incident and put in significant effort to implement remedial actions and rectify the root causes; and
   
   c. KMC had been using its current internal web application for offer submissions to EMC for more than three years without issue, and hence, did not anticipate for this issue to occur.

8. KMC indicated that a hearing was not required.

**APPLICABLE MARKET RULES**

9. Section 10.4.1 of Chapter 6 provides that

   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 for the three consecutive *dispatch periods* immediately following a *forced outage* or its failure to *synchronise*; 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 a high-risk operating state or 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

f. for a load registered facility, to reflect its revised capability during a forced outage or following a decrease in energy withdrawal under sections 9.3.3 and/or 9.3.4 of Chapter 5; 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

10. Based on the facts referred to above, the MSCP determined that KMC had breached section 10.4.1 of Chapter 6 of the Market Rules for periods 32 and 33 on 27 September 2021.

11. The incident was self-reported and did not have a significant impact on the National Electricity Market of Singapore.

12. The MSCP hereby issues a letter of non-compliance to KMC and directs KMC to pay costs fixed at $2,000.

Professor Walter Woon
Chair, Market Surveillance and Compliance Panel