

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2009/D6**

Market Surveillance and Compliance Panel (“MSCP”)

Mr Thean Lip Ping, Chair
Professor Lim Chin
Mr Lee Keh Sai
Mr TPB Menon

Date of Determination

21 August 2009

Party

PowerSeraya Ltd

Subject

Offer Variations After Gate Closure for 28 February 2009

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 10.4.1 of Chapter 6

“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 synchronization or preceding desynchronization; 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 by allowing for decreased supply of energy; or
- (d) to contribute positively to the resolution of energy, reserve or regulation shortfall situations 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.”

Facts and Circumstances

2. On 28 February 2009, PowerSeraya Ltd (“PowerSeraya”) submitted 14 offer variations for energy for its generating units SERCCP1, SERCCP2, SER G1, SER G2, SER G3, SER G5, and SER G6 within 65 minutes immediately prior to the dispatch period for periods 18 and 19.
3. On 23 March 2009, PowerSeraya submitted a self-report on a potential rule breach in relation to these offer variations. PowerSeraya explained in its report that the offer variations were “for the trader to verify the functionality of the production database in accordance with the market rules. Due to the data corruption, the intended bid merged with other variation offers in the Production Database causing the breach of the market rules on 65 minutes gate closure”.
4. On 9 June 2009, the MSCP issued a letter informing PowerSeraya it considered that PowerSeraya had prima facie breached section 10.4.1 of Chapter 6 of the Singapore Electricity Market Rules (the ‘market rules’) and invited PowerSeraya to make written representations.
5. PowerSeraya submitted written representations on 22 June 2009, the relevant parts of which are in these terms:-

“The prima facie breach was due data corruption as a result of human error. The human error was the submission of offers into PowerSeraya’s IT system by its staff during the black-out period when no offers were to be submitted into its IT system on 27 February 2009. The data corruption resulted in offer variations being created by the PowerSeraya IT system in addition to what had been input by PowerSeraya’s traders and submitted as PowerSeraya offers variations (batch no: 215611) to EMC.

The data corruption had been detected earlier on 27 February 2009 and PowerSeraya’s traders checked that the PowerSeraya IT system was displaying the latest correct records. The clean-up of the data corruption was scheduled for 28 February 2009 as it was not known at that time that the extent of the data corruption would cause submission of offer variations by PowerSeraya’s traders through the PowerSeraya IT system to be corrupted with what would be submitted to EMC not being the same as what PowerSeraya’ traders input into the PowerSeraya IT system.

Upon detection of the adverse impact of data corruption on PowerSeraya’s offer variations, PowerSeraya’s trader switched to submitting offer variations through web submission via NEMS. Only after the data corruption was cleared up and the PowerSeraya IT system checked did PowerSeraya’s traders switched back to submitting offer variations via the PowerSeraya IT system.

PowerSeraya having identified the cause of the data corruption as the offer submissions during the black-out period has already implemented an IT solution which prevents such offer submission during the black-out period.

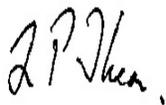
PowerSeraya would like to request that the MSCP in its final determination for the prima facie breach take into account that an IT solution has already been implemented to prevent other such occurrences”.

6. As a result of the offer variations, two of PowerSeraya's generating units were not scheduled and its generating unit SER G3 was scheduled to dispatch 150 MW for periods 18 and 19 respectively. However, PowerSeraya had no plan to run SER G3 for periods 18 and 19, and SER G3 was therefore not ready and unable to dispatch the scheduled output for periods 18 and 19. Subsequently, PowerSeraya submitted an offer variation of zero megawatt for SER G3 for periods 20 and 21.
7. The withdrawal of the offer of energy for SER G3 for periods 20 and 21 had resulted in increase in the Uniform Singapore Energy Price ("USEP"), regulation, primary, secondary and contingency reserve prices for period 20 as follows:

	Period 19	Period 20
USEP (\$)	95.97	552.28
Regulation (\$)	88.00	466.90
Primary Reserve (\$)	0.12	1.04
Secondary Reserve (\$)	1.04	1.52
Contingency Reserve (\$)	0.26	456.84

As such, the offer variations after gate closure from PowerSeraya for periods 18 and 19 had an indirect impact on the wholesale electricity market prices significantly.

8. On the basis of the above facts, the MSCP determined that PowerSeraya had breached section 10.4.1 of Chapter 6 of the market rules.
9. The MSCP notes that the breach was self-reported and remedial action had been taken. Nonetheless, the MSCP is of the view that PowerSeraya had at the relevant time not exercised sufficient due diligence in putting in place an adequate offer variation process which could have enabled avoidance of the breach. The breach had significant impact on the wholesale electricity markets.
10. The MSCP therefore imposes a financial penalty of \$12,500 on PowerSeraya. MSCP also orders the payment by PowerSeraya of costs in the sum of \$800.



Thean Lip Ping
Chair
Market Surveillance and Compliance Panel