DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2008/D5

Market Surveillance and Compliance Panel ("MSCP")
Mr Thean Lip Ping, Chair
Professor Lim Chin
Mr Lee Keh Sai
Mr TPB Menon

Date of Determination
7 July 2008

Party
Energy Market Company Pte Ltd ("EMC")

Subject
Delay in validating offer variations on 5 November 2007

Applicable Rule(s) in the Singapore Electricity Market Rules

1.   Section 5.6.1 of Chapter 6

       "Where the EMC receives any offer, it shall:
       5.6.1.1   stamp the offer with the time that it was received;
       5.6.1.2   within five minutes, confirm receipt of the offer; and
       5.6.1.3   within five minutes, validate the offer in accordance with section 5.7.1 and
                    release information indicating that the offer has been:
                    a.   accepted as valid; or
                    b.   rejected, with reasons for the rejection."

Facts and Circumstances

2.   EMC submitted a self-report on 20 November 2007 that some of the offer variations that it
       received on 5 November 2007 from between 7:47 am and 08:22 am were not validated
       until 8:26 am. Under the market rules, EMC is required to validate all offers received from
       market participants within 5 minutes of receipt.

3.   EMC said that during that time, the general performance of the NEMS system was affected
       with some internal Oracle events in the queue.

4.   The support team from EMC's contractor, Oracle, was requested to investigate the issue.
       However, the Oracle support team was unable to confirm the root cause of the problem.
       Its preliminary report suggested that this was a one-off incident which had occurred since
       EMC's Server Re-platform Project went live in March 2007.

5. The Oracle Support team recommended EMC to perform a system dump if the problem appeared again in the NEMS database in order for it to investigate the cause. EMC said it would continue to monitor this issue and if performance in the NEMS database is affected for any prolonged period again, EMC would perform a system dump as recommended by Oracle, and would attempt to trace those sessions which may be causing problems by aborting the affected processes, or, if necessary, restart the database to clear the Oracle memory and processes.

6. On 7 November 2007, EMC implemented monitoring of the real time system pages, so as to observe if the problem appeared again for the offer loading and validation processes. The monitoring would allow the EMC on-call duty person to monitor for similar incidents and allow EMC management to take a decision to abort an affected process or to restart the database if performance issues are prolonged.

7. EMC said that the delay in validating the offer variations submitted by the market participants resulted in the short-term schedule for period 19 not incorporating the offer variations received between 07:47 am and 8:22 am. This caused the short-term schedules not to provide an accurate forecast to the market. However, there was no material impact on market outcomes.

Determination

8. On 2 June 2008, the MSCP issued a letter informing EMC that it considered that EMC had prima facie breached section 5.6.1.3 of Chapter 6 of the Singapore Electricity Market Rules (the 'market rules') and invited EMC to make written representations.

9. On 16 June 2008, EMC submitted a letter with its written representations.

10. After taking into consideration the written representations submitted, the MSCP determined that EMC breached section 5.6.1.3 of Chapter 6 of the market rules.

11. However, the breach was self-reported, inadvertent, rectified quickly and without material impact on the wholesale electricity markets.

12. Therefore, the MSCP determined that the appropriate action to be taken was to issue a letter of non-compliance to EMC and to direct EMC to pay costs, fixed at $1,000.00.

Thean Lip Ping
Chair, Market Surveillance and Compliance Panel