

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2007/D10**

Market Surveillance and Compliance Panel (“MSCP”)

Mr Joseph Grimberg, Chair
Professor Lim Chin
Mr Lee Keh Sai
Mr TPB Menon

Date of Determination

31 August 2007

Party

Energy Market Company Pte Ltd (“EMC”)

Subject

Incorrect price confirmation on 28 January 2007

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 9.3.2A of Chapter 6

“The EMC shall provide confirmation by 12:00 noon each day, in such manner as will provide adequate notice, using electronic means, or in the case where electronic means are not available, by any other means it considers suitable, as to whether prices determined for the previous dispatch day are final or provisional. Provisional prices may be subject to revision.”

Facts and Circumstances

2. According to EMC, on 28 January 2007, it wrongly confirmed that the prices for periods 1, 2, 4 to 43, and 45 to 48 for trading day 27 January 2007 were final. At the relevant time, the market clearing engine (“MCE”) had a modeling issue which caused the market network nodal (“MNN”) prices for the generating units that were not scheduled to run to be intermittently inaccurate. This had resulted in EMC carrying out daily re-run for affected periods in order to address the problem. During the present incident, there were occurrences of inaccurate MNN prices on 27 January 2007. As such, EMC would normally have confirmed these prices to be provisional and subsequently revised them. However, it had instead confirmed that the prices were final.
3. EMC said that on 29 January 2007, 10:51 am it realized the error made and immediately issued at 10:52 am a notice to change the prices for the affected periods to provisional in order to conduct re-runs for the affected periods.

Determinations

4. During the incident, there were occurrences of inaccurate MNN prices. As such, the prices which were to be revised should not have been finalized. If no rerun were carried out, the market participants affected would have had to pay inequitable prices. Therefore, the issuance of a notice to change the prices to provisional in order to revise prices brought about a fair outcome. To date, no market participant has raised any concern regarding the subsequent revision of these prices which had been wrongly confirmed to be final.
5. On 29 March 2007, the MSCP issued a letter informing EMC that it considered that EMC had prima facie breached section 9.3.2A of Chapter 6 of the Singapore Electricity Market Rules (the 'market rules') and invited EMC to make written representations. No written representations were received by the deadline stipulated.
6. The MSCP determined on the basis of the facts referred to above that EMC breached section 9.3.2A of Chapter 6 of the market rules.
7. However, the breach was self-reported, rectified quickly and without significant impact on the wholesale electricity markets.
8. 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.



Lim Chin
for Chair, Market Surveillance and Compliance Panel