

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2006/D15**

Market Surveillance and Compliance Panel (“MSCP”)

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

Date of Determination

24 August 2006

Party

PowerSeraya Ltd

Subject

Offer Variations After Gate Closure for 23 August 2005

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 2 hours 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

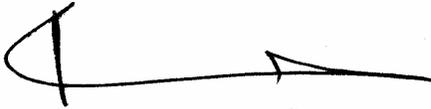
2. On 23 August 2005, PowerSeraya Ltd (“PowerSeraya”) submitted an offer variation for energy for its generating unit SERCCP1 within the 2 hours immediately prior to the dispatch period for period 27. The offer variation was to offer “zero” quantity of energy.
3. On 1 September 2005, PowerSeraya submitted a self-report on a potential rule breach in relation to this offer variation. PowerSeraya explained in its report that the offer variation was “a mistake of selecting wrong generating unit when SERG3 tripped at 1237hrs”.
4. On 15 May 2006, the MSCP wrote to PowerSeraya alleging a potential rule breach in relation to its offer variation on 23 August 2005 for period 27 for SERCCP1. PowerSeraya was invited to make written representations.
5. On 25 May 2006, PowerSeraya admitted the breach, and set out the factors which it asked the MSCP to take into account in mitigation.
6. PowerSeraya explained that on 23 August 2005, its generating unit SERG3, which was under commissioning tripped on “drum-level low” when a spinning reserve test was being carried out. Immediately following the trip, its duty staff had intended to submit a “Nil” offer for SERG3 for the next period which was period 27. PowerSeraya said that under tight time constraints to submit offer variations for SERG3 as well as to ensure the safe shutdown of the unit, its duty staff had overlooked and selected SERCCP1 in its offer variation submission instead of SERG3. This was because SERCCP1 had been set as the default unit for submitting offers.
7. PowerSeraya further said that the duty staff was not its full-time regular energy bidder. Although the duty staff was trained to perform the energy bidding role, during pressing times, he lacked the hands-on experience and confidence.
8. As remedial action, PowerSeraya explained that its bidding programme had been modified to ensure that there is no default in selecting any specific unit, and hence the bidder would have to select the intended unit manually. Training would be conducted for all personnel tasked to perform bidding so as to familiarise them with making offer variations. In addition to regular training for all personnel tasked to perform energy bidding, quarterly refresher training would be conducted to enhance the confidence and experience of those personnel who were tasked to perform energy bidding on a non full-time basis.
9. PowerSeraya said that it had self-reported the breach to EMC and the event was a genuine error by its duty staff. It also said that a written explanation was also immediately submitted to the Power System Operator.

10. As a result of the breach, energy which would otherwise have been available from SER CCP1 to the system was not made available. This resulted in significant increases to the Uniform Singapore Energy Price (“USEP”), regulation, primary and contingency reserve prices as follows:

	Period 26	Period 27
SERCCP1	340MW	0MW
USEP (\$)	80.98	171.26
Regulation (\$)	29	94.93
Primary Reserve (\$)	6.31	48.45
Secondary Reserve (\$)	0.30	1.04
Contingency Reserve (\$)	10.63	52.63

Therefore, the offer variation for SERCCP1 had a significant impact on wholesale electricity market prices.

- 11. 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.
- 12. The MSCP noted that the breach was self-reported and remedial action had been taken. Nonetheless, the MSCP was 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.
- 13. The MSCP therefore imposes a financial penalty of \$7,500 on PowerSeraya. MSCP also orders the payment by PowerSeraya of costs in the sum of \$800.



Joseph Grimberg
 Chair
 Market Surveillance and Compliance Panel