

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2004/D4**

Market Surveillance and Compliance Panel (“MSCP”)

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

Date of Determination

2 April 2004

Party

Energy Market Company Pte Ltd (“EMC”)

Subject

Late publication of preliminary settlement statements

Applicable Rule(s) in the Singapore Electricity Market Rules

1. Section 5.2.1 of Chapter 7 provides that:

“The preliminary settlement statement for each trading day in the real-time markets shall be issued 6 business days after the trading day.”

2. Section 6.2 of the Market Operations Market Manual (Settlement) provides that:

“Preliminary and final settlement statements will be posted on each market participant’s private website as follows:

Preliminary settlement statement: Trading day + 6 business days, 5:00pm ...”

Facts and Circumstances

The EMC issued preliminary settlement statements on:

10 March 2003 relating to dispatch day 1 March 2003 and 2 March 2003 at 1742hrs and 1757 hrs respectively; and
on 14 March 2003 relating to dispatch day 6 March 2003 at 1802hrs.

These were issued after the 5:00pm deadline provided in the market rules.

According to the EMC, the delay was caused by:

the lesser timeframe to perform the settlement function due to late submission of metering files from MSSL due to their system being non-operational from 7 March 2003 to 9 March 2003 for the incident occurring on 10 March 2003;

the lack of intensive verbal follow up with Information Technology personnel to resolve the issue for both incidents;

the lack of urgency to resolve the problem raised for the incident occurring on 14 March 2003;

little communication with the Information Technology team on the criticality of the matter in that it would cause a rule breach for both incidents; and

- (e) lack of a clear reporting structure for system problems for both incidents – all emails went to Helpdesk or a certain Information Technology staff. Even though emailed to Helpdesk as requested, Helpdesk's responses to system problems were often not satisfactory.
5. The EMC also expressed that the following processes were put in place to prevent recurrence of these incidents:
- (a) exercise better judgment to ensure that in such an event, preliminary settlement statements could be issued first as corrections can still be made before the final settlement run
 - (b) set internal deadlines to complete all preliminary and final settlement runs by 1600hrs
 - (c) increase diligence to vigilantly follow up with the Information Technology team on system problems and the time constraints
 - (d) have greater awareness of timing in settlement processes
 - (e) restructure the Settlement team to ensure better working synergy
 - (f) set up a reporting structure between the Settlement Team and the Information Technology team for dealing with system problems.

Determination

6. In a statement made on 30 December 2002, the MSCP gave notice of the enforcement policy it would adopt in the event of a rule breach during the 3 months immediately following market start.
7. On 11 February 2004, the MCSP issued a letter informing the EMC that it considered that the EMC had prima facie breached the Market Operations Market Manual (Settlement) requirement to post the preliminary settlement statement on each market participant's private website by 5:00pm on the 6th business day after the trading day and invited the EMC to make written representations. No written representations were received by the deadline stipulated.
8. The MSCP determined on the basis of the facts referred to above, that the EMC breached section 6.2 of the Market Operations Market Manual (Settlement) on both occasions.
9. The MSCP was of the view that there appeared to be indications of negligence on the part of EMC staff in relation to this incident. However, taking into account that the incident occurred during the 3 months immediately after market start and that the EMC was undergoing a learning curve, the MSCP decided to adopt a lenient view towards this incident and not take any enforcement action.



Joseph Grimberg
Chair, Market Surveillance and Compliance Panel