

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2003/D3**

Market Surveillance and Compliance Panel (“MSCP”)

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

Date of Determination

13 August 2003

Party

Energy Market Company Pte Ltd (“EMC”)

Subject

Late submission and publication of
EMC’s proposed expenditure and revenue requirements and
schedule of fees for FY2004

Applicable Rule in the Singapore Electricity Market Rules

Section 10.1.1 of Chapter 2

“Subject to sections 10.1.2 and 10.1.8, the EMC shall, no less than 100 days prior to the beginning of each EMC fiscal year that commences after the market commencement date:

- (a) submit in such form and detail as may [be] required by section 11 its proposed expenditure and revenue requirements for, and a schedule of fees that it proposed to charge during the following EMC fiscal year to the rules change panel for review; and
- (b) publish notice of its proposed expenditure and revenue requirements for, and a schedule of the fees that it proposed to charge during, the following EMC fiscal year, inviting interested persons to make submissions with respect thereto to the rules change panel within the time prescribed in the notice.”

Facts and Circumstances

The market commencement date was 1 January 2003. To comply with the 100-day requirement under section 10.1.1 of Chapter 2 of the market rules, the EMC would have had to submit its proposed expenditure and revenue requirements and schedule of fees ("Budget") for FY2004 by 23 December 2002.

The EMC failed to comply with this rule requirement. The main reason for the EMC's failure to comply with the rule requirement was that the FY2003 Budget for the period 1 January 2003 to 31 March 2003 was revised several times to take into account the various postponements of the market commencement date. There were also issues which had to be resolved with the Authority in relation to several items in the FY2003 Budget. Issues similar to those under the FY2003 Budget would be encountered under the FY2004 Budget. The EMC therefore considered it important to obtain the views of the Authority on the FY2003 Budget, resolve these outstanding issues and where appropriate, incorporate similar positions into the FY2004 Budget before it finalised the FY2004 Budget.

It was possible for the EMC to prepare the FY2004 Budget before the FY2003 Budget was approved. However, this would lead to the publication of an FY2004 Budget that may not be sufficiently accurate given that the Authority's views may not be taken into account in its preparation.

Approval for the FY2003 Budget was obtained from the Authority on 26 December 2002 (ie after the deadline of 23 December 2002 for the EMC to submit and publish its FY2004 Budget).

The EMC finally submitted its FY2004 Budget to the rules change panel for review on 18 February 2003 and published notice of the FY2004 Budget to invite submissions on 25 February 2003.

Determination

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.

The MSCP determined on the basis of the facts referred to above, that the EMC breached section 10.1.1 of Chapter 2 of the Singapore Electricity Market Rules.

Given that similar issues had to be resolved for the FY2003 Budget and FY2004 Budget, it appeared that the EMC attempted to act reasonably in finalising its FY2003 Budget before proceeding to submit a FY2004 Budget to the rules change panel and publish the Budget for comment. This was a transitional problem and there was no significant impact on the market. The EMC also made a self-report.

Therefore, the MSCP determined that no enforcement action was to be taken.



Joseph Grimberg
Chair, Market Surveillance and Compliance Panel