

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2003/D4**

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

SembCorp Cogen Pte Ltd (“SembCorp”)

Subject

Failure to submit offer variations

Applicable Rule in the Singapore Electricity Market Rules

Section 4.3.5 of Chapter 6

“Notwithstanding any other provision of this section 4.3, a dispatch coordinator shall immediately submit to the EMC an offer variation for any registered facility in respect of which it is the dispatch coordinator if, for any dispatch period in the current market outlook horizon, the quantity contained in any valid offer for energy, reserve or regulation held by the EMC for that registered facility is greater than the quantity that the dispatch coordinator reasonably expects to be available by more than the greater of:

4.3.5.1 5 MW; or

4.3.5.2 5 percent of the quantity currently offered.”

Facts and Circumstances

The forced outage of AGCSKCG : SAKRA : SKRA G1 ("SKRA G1") occurred on 5 January 2003 at approximately 0005 hrs (ie during period 1). At 0038 hrs, SembCorp submitted offer variations for zero MW of energy for period 3 onwards to reflect the physical inability of SKRA G1 to generate during these periods. No offer variations were submitted to reflect the physical inability of SKRA G1 to generate during period 2 which commenced at 0030 hrs.

As the energy offers from SKRA G1 were not varied to zero MW for period 2, SKRA G1 was scheduled to dispatch 257MW of energy in period 2 when it was physically unable to.

According to SembCorp, upon occurrence of the forced outage, their duty trader required time to (a) locate the plant staff to find out the cause of the outage so as to anticipate the duration of the forced outage for the purpose of making offer variations for subsequent periods; and (b) complete the process of submitting offer variations. By the time the duty trader had completed both activities, it was already period 2 and too late to make offer variations for period 2 itself. Offer variations were therefore made for period 3 onwards.

SembCorp also explained that a procedure has been put in place to prevent a similar incident from occurring. The procedure requires the duty trader to submit offer variations for the period immediately following the occurrence of the forced outage before submitting offer variations for the subsequent periods which the forced outage is likely to affect.

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 SembCorp breached section 4.3.5 of Chapter 6 of the Singapore Electricity Market Rules.

However, it was recognized that this incident occurred in the first few days of the market. It appeared that SembCorp was undergoing a learning curve on how to react operationally in such situations so as to comply with the requirements of the market rules. SembCorp also subsequently put in place a procedure to prevent similar incidents from recurring.

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



Joseph Grimberg
Chair, Market Surveillance and Compliance Panel