

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL  
MSCP/2013/D2**

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**Market Surveillance and Compliance Panel ("MSCP")**

Mr Thean Lip Ping, Chair  
Professor Lim Chin  
Mr Lee Keh Sai  
Mr TPB Menon  
Mr Philip Chua

**Date of Determination**

29 August 2013

**Party**

Sembcorp Cogen Pte Ltd ("Sembcorp")

**Subject**

Sembcorp's offer price changes after gate closure on 16 February 2013

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**FACTS AND CIRCUMSTANCES**

1. On 16 February 2013, Sembcorp submitted six offer variations for its two Combined Cycle Gas Turbine (CCGT) units, SKRA G1 and SKRA G2, after gate closure for periods 26, 29 and 30. The offer variations consisted of offer price changes.
2. Sembcorp submitted a self-report and a letter on 22 February 2013 and 22 April 2013 respectively to explain its offer variations after gate closure on 16 February 2013.
3. From Sembcorp's submission, the MSCP formed the preliminary view that Sembcorp had prima facie breached section 10.4.1 of Chapter 6 of the Singapore Electricity Market Rules (the "market rules") as the reason provided for the offer variations for SKRA G1 and SKRA G2, which included price changes, was not in compliance with the said section. On 8 May 2013, the MSCP invited Sembcorp to submit written representations.
4. On 20 May 2013, Sembcorp submitted its written representations.
5. The relevant parts of Sembcorp's explanations and points presented may be summarised in these terms:

On 16 February 2013, the common steam turbine generator of SKRA G1 and SKRA G2 suffered a forced outage in period 14 due to process steam fluctuation. High vibrations were detected on the steam turbine HP front pedestal before reaching full speed and Sembcorp was unable to re-start the steam turbine.

As investigation on the abnormal front pedestal behaviour and servicing of the steam turbine thermocouples were carried out, offer variations were submitted to reduce the capacities of SKRA G1 and SKRA G2 to cater for the delay in the startup of the steam turbine.

The Duty Trader was on his first weekend duty where he was allowed to trade independently, without supervision. Due to the acute time available to reflect the delayed start-up time for the steam turbine thermocouples in the offers, coupled with the unfamiliarity with the market dynamics, instead of retrieving the standing offer submitted to the Energy Market Company for period 26 to make the change, the Duty Trader copied the standing offer for period 25 and reduced the quantity sold to reflect the expected quantity that could have been dispatched with the delay in the re-start of the steam turbine. The same was repeated for periods 29 and 30.

6. Sembcorp also said that it treated its compliance responsibilities seriously and as a key priority of its operations. It had enhanced its internal training processes to enable its junior traders to respond to abnormal situations appropriately in the future. Training and refresher training would be conducted regularly to enhance the confidence and experience of those personnel who are tasked to perform energy bidding.

## **APPLICABLE MARKET RULES**

7. The relevant market rules are set out below.

### **10.4 Gate Closure**

10.4.1 Notwithstanding sections 5.1.5, 5.1.6 and 5.1.7, no offer variation or revised standing offer shall be submitted by or for a market participant within 65 minutes 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 synchronisation or preceding desynchronisation; 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 pertaining to which the EMC has issued an advisory notice under section 9.3.1, by allowing for decreased supply of energy; or
- d. to contribute positively to the resolution of energy, reserve or regulation shortfall situations pertaining to which EMC has issued advisory notices under section 9.3.1, by allowing for increased supply of energy, reserve or regulation; or
- e. to contribute positively to the resolution of energy, reserve or regulation shortfall situations in that the dispatch period, where:
  - (i) the shortfall situations were indicated in a system status advisory notice issued by the EMC in respect of an emergency operating state declared by the PSO; and

- (ii) at the time of submission of such offer variation or revised standing offer, the EMC has not yet withdrawn, in respect of that dispatch period, such system status advisory notice, 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 offer for that dispatch period.

## ENFORCEMENT

- 8. Based on the evidence available, the MSCP determined that Sembcorp breached section 10.4.1 of Chapter 6 of the market rules when it made offer variations for SKRA G1 and SKRA G2 for periods 26, 29 and 30 on 16 February 2013. Accordingly, the MSCP wrote to Sembcorp on 6 June 2013 informing Sembcorp of the breach, and invited Sembcorp to make written representation before the MSCP decides on the quantum of financial penalty and costs. Sembcorp submitted written representation on 25 June 2013.
- 9. Taking into account all the relevant circumstances in this case, including the fact that Sembcorp had breached the market rules on the following previous occasions, namely:
  - 1. Breach of Section 4.3.5 of Chapter 6 of the market rules for the failure to submit offer variations immediately to declare facility unavailable for Period 1 on 5 Jan 2003 (MSCP/2003/D4);
  - 2. Breach of Section 9.6.1 of Chapter 5 of the market rules for non-compliance with dispatch instructions on 17 March 2003 (MSCP/2003/D11);
  - 3. Breach of Section 10.4.1 of Chapter 6 of the market rules for offer variations submitted after gate closure for April and May 2005 (MSCP/2006/D1); and
  - 4. Breach of Section 9.6.1 of Chapter 5 and section 5.1.6 of Chapter 6 of the market rules for failure to comply with dispatch instructions and reflect the true plant capabilities in the offers on 15 August 2011 (MSCP/2012/D2)

the MSCP determines that a financial penalty be imposed on Sembcorp for breaching section 10.4.1 of Chapter 6 of the market rules on 16 February 2013. The MSCP assesses the penalty in the sum of \$5,000 after taking into account all the relevant circumstances. The MSCP hereby directs that Sembcorp pays the sum of \$5,000 as financial penalty and costs of investigation fixed at \$1,500. The total sum of \$6,500 is to be paid forthwith.

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