



Date: 25 November 2004

To: Market Participants

Cc: Market Support Services Licensee, Power System Operator, Energy Market Company, Energy Market Authority

Subject: Offer Variation and Revised Standing Offer within the Gate Closure

Introduction

The Market Surveillance and Compliance Panel (“MSCP”) has been observing market participant behaviour in respect of offer variations and revised standing offers within the gate closure over a period of time since the two amendments to the Singapore Electricity Market Rules (“market rules”) in this area took effect on 2 March 2004 and 1 July 2004 respectively. The purpose of this memorandum is to state the position the MSCP will take in these situations.

General Prohibition

Section 10.4 of Chapter 6 of the market rules generally prohibits the submission of offer variations or revised standing offers within 2 hours immediately prior to the dispatch period to which the offer variations or revised standing offers apply.

Permissible Exceptions

The only exceptions are where:

- (a) the offer variation or revised standing offer is made on grounds permitted under the market rules; and
- (b) the price offered is the same as that previously offered for that dispatch period. Other prices are not acceptable unless they relate to offers of additional quantities of energy, reserve or regulation.

Under the market rules, the permissible grounds are where the offer variation or revised standing offer is intended:

- (i) to reflect expected ramp-up and ramp-down profiles during periods following synchronisation or preceding desynchronisation;
- (ii) to reflect revised capability during a forced outage;
- (iii) to contribute positively to the resolution of an energy surplus situation by allowing for decreased supply of energy; or
- (iv) to contribute positively to the resolution of energy, reserve or regulation shortfall situations by allowing for increased supply of energy, reserve or regulation.

Potential Rule Breaches

Offer variations or revised standing offers which do not satisfy the requirements set out in both (a) and (b) under “Permissible Exceptions” above constitute potential breaches of the market rules.

Observations and Views

The MSCP has observed that there have been occasions when market participants have explained offer variations and revisions to standing offers on the basis of one of the permissible grounds in the market rules. However, the offer variations or revised standing offers have at the same time included a change in offer prices. Such offer variations or revised standing offers (ie indirect changes) do not satisfy the requirements set out in both (a) and (b) and will henceforth be treated as potential breaches of the market rules.

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Joseph Grimberg
Chair
Market Surveillance and Compliance Panel