MINUTES OF THE RULES CHANGE PANEL
95th MEETING
HELD ON TUESDAY, 18 JULY 2017 AT 10.30AM
AT ENERGY MARKET CO. PTE LTD
4 SHENTON WAY #03-01
SGX CENTRE 2, SINGAPORE 068807

1. Notice of Meeting
The Chairman called the meeting to order at 10.30am. The Notice and Agenda of the meeting were taken as read.

2. Confirmation of Minutes of the 94th RCP Meeting
The Minutes of the 94th RCP meeting held on 9 May 2017 were tabled.

Mr. Henry Gan pointed out that it should be MISF and not MSIF in Section 4.1.

With this amendment to the Minutes, the RCP approved the Minutes.

3. Matters Arising from 94th RCP Meeting held on 9 May 2017
3.1 Review of Mechanism to Mitigate Credit Default
At the 94th RCP meeting, Mr Luke Peacocke had asked when the market would be notified of the occurrence of a default.

Ms. Wang Jing informed the Panel that the market will be notified following the Market and Surveillance and Compliance Panel (“MSCP”)’s decision to issue a suspension order against a market participant (“MP”).

3.1.1 Mr Dallon Kay asked about the method of publication. Ms Wang Jing replied that the notification will be published on EMC’s website. The Chairman added that the Market Rules does not prescribe the method of notification.
4. Monitoring List

The RCP noted the contents of the Monitoring List.

5. Summary of Outstanding Rule Changes

The RCP noted the summary of outstanding rule changes.

6. Rules Change Work Plan Status Update

The RCP noted the update on the Rules Change Work Plan.


(Paper No. EMC/RCP/95/2017/343)

Ms. Lucia Loh presented the paper which assessed the proposal to remove provisions in the current market rules relating to the forward sales contract (“FSC”) scheme as those provisions are no longer used.

7.1 It was noted that the FSC scheme was introduced by EMA to ensure that there are sufficient liquidity in the electricity futures market. The settlement of FSCs was initially done via the Singapore Wholesale Electricity Market (“SWEM”)’s settlement process, with the EMA-directed rule change taking effect on 1 July 2015.

However, on 11 July 2015, EMA informed EMC that it was suspending the settlement of FSCs via SWEM and will conduct a review. EMC was informed by EMA on 29 September 2015 that FSCs would instead be settled bilaterally between FSC holders and Market Support Services Licensee (“MSSL”).

7.2 Ms Loh explained that the FSC-related provisions in the market rules are redundant as they are no longer in use. Removing them would provide greater clarity and avoid potential confusion especially for new MPs who are not familiar with the developments in the FSC scheme.

7.3 Ms Loh then presented a summary of proposed modifications to remove FSC-related clauses that were previously added under EMA Directive 324. She informed the Panel that no additional implementation costs will be incurred and EMC Market Operations had advised that they require a 1 week lead time to set the expiry date and the effective date should be on the first day of a calendar quarter. The proposed effective date is therefore the start of the complete calendar quarter following one week after the date that EMA’s approval is published.

7.4 It was noted that the proposed rule modifications were published on 6 June 2017 for industry consultation. Comments received from SP Services, who were supportive of the proposal, were duly noted and acted on accordingly.
Mr Marcus Tan commented that the earlier rule change (effective from 1 July 2015) to incorporate the settlement of FSCs under SWEM was directed by EMA, and the settlement was subsequently taken out of the wholesale market due to further change in the FSC scheme which would end by July 2018. He suggested EMC to consult EMA on the future plan of the scheme before making the changes now to avoid having to go through the same process again. The Chairman replied that the current formula for FSC settlement is different from that set out in the market rules and coded in EMC’s system. System and rule changes will thus be required even if the current FSC scheme is to be settled via SWEM in future.

Mr Luke Peacocke commented that EMC has the codes for the current system design and, if EMA is to resurrect the design, the codes can be re-used even if the FSC rules were removed now. He added that the motivation for this proposal is to ensure that the rules reflect the current practice and do not foresee that deleting the rules will pre-empt or create a problem with any future schemes.

EMC recommended that the Panel:
   a) support the proposed modifications to the market rules and Settlement Market Manual;
   b) recommend that the EMC Board adopt the proposed modifications; and
   c) recommend that the proposed modifications come into force on the start of the complete calendar quarter following one week after the date on which the approval of the Authority is published by the EMC.

The Panel by majority vote supported EMC’s recommendations.

The following Panel members voted in support of EMC’s recommendations are:
   • Ms Priscilla Chua (Representatives of Generation Licensee)
   • Ms Grace Chiam (Representatives of Generation Licensee)
   • Mr Lim Han Kwang (Representative of Transmission Licensee)
   • Mr Sean Chan (Representatives of Retail Electricity Licensee)
   • Mr Daniel Lee (Representatives of Retail Electricity Licensee)
   • Mr Luke Peacocke (Representatives of Retail Electricity Licensee)
   • Mr Dallon Kay (Representative of Wholesale Electricity Trader)
   • Mr Henry Gan (Representative of the EMC)

The following Panel members abstained:
   • Mr Marcus Tan (Representatives of Generation Licensee)
   • Mr Soh Yap Choon (Representative of the PSO)
8. Review of Sections 9.1.2.2 and 9.1.3 of Chapter 5 of the Market Rules
(Paper No. EMC/RCP/95/2017/CP69)

Mr Yap Yun Ben presented the paper which reviews whether the PSO should issue dispatch instructions only to registered facilities with valid offers/bids under sections 9.1.2.2 and 9.1.3 of Chapter 5 of the market rules.

8.1 Mr Yap took the Panel through the real-time dispatch process and the rationale for sections 9.1.2.2 and 9.1.3 of Chapter 5 of the market rules.

8.2 Arising from the review, the following solutions are proposed:

(i) System Condition 1 - The System Operation Manual (SOM) currently already stipulates that in the absence of a real-time dispatch schedule (RTDS; i.e. under section 9.1.2.2 of Chapter 5), the PSO will use the latest available forecast schedule. Hence, in the absence of a RTDS, it is proposed that the current valid offer/bid requirements be replaced with the requirement for the PSO to issue dispatch instructions in accordance with the procedures specified in the SOM.

(ii) System Condition 2 - To prevent the system from entering into a high-risk or emergency operating state (i.e. under section 9.1.3 of Chapter 5), the PSO can be allowed to override dispatch instructions regardless of whether valid offers/bids are present if such re-dDispatches occur infrequently. Otherwise, EMC proposes that EMC and PSO to investigate and work out an arrangement that will allow the PSO to re-dispatch in a manner which deals with the system security issues in real-time while minimising distortion to the market, and the cost of such an arrangement. Given that the PSO’s inputs illustrate the low frequency of such incidents, EMC proposed removing the valid offer/bid requirements in section 9.1.3 of Chapter 5 of the market rules.

8.3 It was noted that the concept paper was published for industry consultation on 13 June 2017. Comments were received from Pacificlight Power, Tuas Power and PSO and were duly noted and acted on accordingly.

8.4 Mr Luke Peacocke noted that under System Condition 1, i.e. section 9.1.2.2, EMC's proposal is to replace the valid offer/bid requirements with the requirement for the PSO to use the procedures/priority stipulated in the SOM. He asked if EMC considered replacing the valid offer/bid requirements with the requirement to use the latest available forecast schedule, instead of referring to the SOM. The Chairman replied that SOM provides that short-term schedule (STS) be used first, and pre-dispatch schedule (PDS) be used when the STS is not available.
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Mr Peacocke said that the current rules reflect the principle that the PSO should use offers/bids when issuing dispatch instructions. He suggested for this principle to continue to be reflected in the market rules, even if the requirement for PSO to use valid offers/bids is removed as proposed. Mr Soh suggested including the principle in an explanatory note.

Chairman said that EMC take this into consideration when drafting the relevant rule modifications.

8.5 EMC recommends that the Panel:
   a) support replacing the valid offer/bid requirements in Section 9.1.2.2 of Chapter 5 of the Market Rules with the requirement to use the procedures specified in the SOM;
   b) support the removal of valid offer/bid requirements in Section 9.1.3 of Chapter 5 of the market rules; and
   c) task EMC to draft the relevant rule modifications.

8.6 The Panel by majority vote supported EMC’s recommendations above.

The following Panel members voted in support of EMC’s recommendations:
- Ms Grace Chiam (Representatives of Generation Licensee)
- Mr Lim Han Kwang (Representative of Transmission Licensee)
- Mr Sean Chan (Representatives of Retail Electricity Licensee)
- Mr Daniel Lee (Representatives of Retail Electricity Licensee)
- Mr Luke Peacocke (Representatives of Retail Electricity Licensee)
- Mr Henry Gan (Representative of the EMC)
- Mr Marcus Tan (Representatives of Generation Licensee)
- Mr Soh Yap Choon (Representative of the PSO)

The following Panel member voted against EMC’s recommendations:
- Mr Dallon Kay (Representative of Wholesale Electricity Trader)

The following Panel member abstained:
- Ms Priscilla Chua (Representatives of Generation Licensee)

9. Review of Consumer Representatives on the Rules Change Panel
(Paper No. EMC/RCP/95/2017/344)

Ms Jo Ong recapped the Panel’s discussions held at the 94th RCP meeting where the Panel unanimously supported reviewing the consumer reps on the Panel, and the approach of implementing consumer representation on the Panel.

Ms Ong then presented the paper which assesses one of the proposed nominating organisations, Singapore Chemical Industry Council (“SCIC”), which has expressed that it is willing and able to nominate a suitable candidate from time to time.
Mr Dallon Kay asked if the market rules can be drafted such that EMC can add nominating organisations into the list of nominating organisations without a rule change. Chairman replied that, as a general principle, the rules change process is intended to not give EMC too much discretion.

9.1 Mr Sean Chan asked if the members of SCIC are corporates or individuals. Ms Ong replied that they are corporate members.

9.2 Mr Dallon Kay noted that the 2 consumers’ representatives on the Panel is to be made up of either small and/or large consumers and queried about the management of the representation should there be no suitable eligible nominees and nominating parties and if the seats will be reserved. The Chairman replied that based on the Market Rules, vacant seats will not be reserved. He added that preference will be for the seats to be filled by one small consumer representative and one large consumer representative. However, if nominations are received from only two large consumers representatives, in the spirit of filling up the seats, EMC will propose that the two seats be filled by the two large consumers representatives.

9.3 Mr Soh Yap Choon asked if EMC is waiting for all organisations to respond before calling for nominations. The Chairman replied no and that EMC will be calling for nominations next month.

9.4 It was noted that EMC will publish this paper for industry consultation and circulate the paper for the Panel’s approval.

10. Any Other Business

10.1 EMC Information Technology Roadmap for 2018 to 2023

The Chairman informed the Panel that EMA wishes to seek the RCP’s comments on EMC Information Technology Roadmap for 2018 to 2023, and requires the RCP’s inputs by 13 August 2017. A meeting has thus been scheduled on 2 August 2017 for the RCP to discuss this.

10.2 EMC and PSO Fees

Mr Luke Peacocke would like to know if there is an update on the review of the EMC and PSO’s fees methodology that was discussed during the 92nd RCP Meeting and to the letter to EMA dated 18 March 2017 in relation to the same. The Chairman said that there has been no updates or replies from the EMA on the letter. The EMA may include it in their review of EMC’s next revenue regime. Mr Peacocke would like an update once EMA responds.

EMC
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11. Date of Next Meeting

The 96th RCP Meeting will be held on Wednesday, 2 August 2017.

There being no other matters, the meeting ended at 11.30a.m.

Paul Poh
Chairman

Minutes taken by:
Angeline Tan
Corporate Secretarial Executive