MINUTES OF THE RULES CHANGE PANEL
111TH MEETING
HELD ON TUESDAY, 10 SEPTEMBER 2019 AT 10.30AM
AT ENERGY MARKET CO. PTE LTD
4 SHENTON WAY #03-01
SGX CENTRE 2, SINGAPORE 068807

Present
Toh Seong Wah (Chairman)  Henry Gan
Teo Chin Hau             Tony Tan
Carol Tan               Sean Chan
Matthew Yeo             Ho Yin Shan
Dr. Toh Mun Heng        Fong Yeng Keong
Tan Chian Khong

Absent with
Soh Yap Choon            Marcus Tan
Apologies:
Senthil Kumar           Mark New

In Attendance:
Poa Tiong Siaw           Wang Jing
Li Zhenhui               Qin Weixiao
(EMC)                    Joash Seng

1. Notice of Meeting
The Chairman called the meeting to order at 10.35am. The Notice and Agenda of the meeting were taken as read.

2. Confirmation of Minutes of the 110th RCP Meeting
The Minutes of the 110th RCP meeting, held on 16 July 2019, were noted and the RCP approved the Minutes.

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.

6.1 Mr. Henry Gan referred to item 3 in the last paragraph where it was stated that the Board had requested the RCP to detach proposal (ii) from the paper so that modifications arising from (iii) and (iv) can proceed to be submitted to the EMA for approval. He clarified if (i) should be included in the modifications to be submitted to EMA for approval. Mr. Poa Tiong Siaw clarified that while proposals (i), (iii) and (iv) were approved and adopted by the Board, proposal (i) was not included in the sentence above because proposal (i) does not require any rule change.
7. **Removal of Requirement for Final Consent for Planned Outages**  
(Paper No. EMC/RCP/111/2019/360)

Ms. Wang Jing informed the RCP that the PSO has proposed to remove the requirement for market participants to request the PSO’s final consent for planned outages at the 2018 Mid-Year Review of Work Plan. She gave the background of the proposal and presented EMC’s analysis. She concluded that the proposed removal of the redundant requirement does not give additional assurance to the PSO and market participants on the planned outages but would relieve both the PSO and the MPs of unnecessary administrative work.

7.1 Ms. Wang went on to present a summary of the proposed modifications to the market rules. The proposed modifications to the market rules were published on 20 August 2019 for consultation. Comments were received from Senoko Energy, Keppel Merlimau Cogen and PacificLight Power who were all supportive of the proposal.

7.2 The RCP **unanimously supported** the proposed modifications to the market rules and recommended that the EMC Board adopt the proposed modifications.

8. **Review of Default Levy Arrangements**  
(Paper No. EMC/RCP/111/2019/358)

8.1 Ms. Qin Wei Xiao recapped the RCP’s decisions on the following proposals at the 106th and 109th RCP meeting:

<table>
<thead>
<tr>
<th>Proposals</th>
<th>106th RCP Meeting</th>
<th>109th RCP Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) allocate the default levy to net creditors only, including MEUC and the EMC/PSO fees owed by the defaulting MP</td>
<td>By majority vote did not support</td>
<td>No rules changes</td>
</tr>
<tr>
<td>(ii) allow MEUC and the EMC/PSO fees to be recovered in full upfront in the event of a settlement shortfall</td>
<td>By majority vote did not support</td>
<td>Unanimously supported the rule changes proposed for clarity</td>
</tr>
<tr>
<td>(iii) correct the erroneous default levy calculations</td>
<td>Unanimously supported</td>
<td>Unanimously supported the rule changes proposed</td>
</tr>
<tr>
<td>(iv) elucidate definitions and timelines in the Market Rules</td>
<td>Unanimously supported</td>
<td>Unanimously supported the rule changes proposed</td>
</tr>
</tbody>
</table>
Ms. Qin informed the RCP that the proposed rule modification in relation to proposals (ii) to (iv) was tabled at the EMC Board Meeting on 29 July 2019 for their consideration. The EMC Board referred the proposed rule modifications back to the RCP and requested that the RCP:

a) reconsider proposal (ii) to allow for upfront recovery of MEUC, the EMC and the PSO fees; and
b) detach proposal (ii) from the current rule modification paper.

The EMC Board noted that the RCP’s recommendation on proposal (ii) did not reflect the practice of other competitive electricity markets in the world. Therefore, before the EMC Board can conclude on the issue, it requests further analysis and clarity on the RCP’s rationale for its recommendation. Detaching proposal (ii) for separate analysis will enable changes arising from proposals (iii) and (iv), which are administrative, to proceed without delay.

Ms. Qin further presented the proposed rule modifications to give effect to RCP’s decision on proposals (iii) and (iv).

The RCP by majority vote supported EMC’s recommendations to detach proposal (ii) for separate analysis, the proposed modifications to the market rules to give effect to RCP’s decision on proposals (iii) and (iv) and recommended that the EMC Board adopt the proposed modifications which give effect to RCP’s decision on proposals (iii) and (iv) and for this proposed rule modifications to come into force 6 months after the date on which the approval of EMA is published by EMC.

The following members by majority vote supported:

- Mr. Henry Gan (Representative of EMC)
- Ms. Carol Tan (Representative of Transmission Licensee)
- Mr. Sean Chan (Representative of Retail Electricity Licensee)
- Ms. Ho Yin Shan (Representative of the Market Support Services Licensee)
- Dr. Toh Mun Heng (Representative of Consumers of Electricity in Singapore)
- Mr. YK Fong (Representative of Consumers of Electricity in Singapore)
- Mr. Tan Chian Khong (Person experienced in Financial Matters in Singapore)

The following members did not support:

- Mr. Teo Chin Hau (Representative of Generation Licensee)
- Mr. Tony Tan (Representative of Generation Licensee)
- Mr. Matthew Yeo (Representative of Wholesale Electricity Trader)
(Paper No. EMC/RCP/111/2019/07)

Mr. Joash Seng informed the Panel that the mid-year review process of the RCP’s work plan is carried out every September and the intent of the mid-year review is to give stakeholders the chance to raise any urgent issues that may have arisen since March when the work plan was set.

As part of the mid-year review, EMC called for submissions on 5 August 2019. At the close of the submission, EMC received one proposal from Senoko Energy:

- Provisions/clearing of ancillary services without active power generation

EMC recommended that the RCP consider both the urgency and impact of the proposal when deciding whether newly raised proposal should take priority over an existing work plan issue where work has not commenced.

9.1 Proposal - Provisions/clearing of ancillary services without active power generation

Mr. Seng informed the RCP that the proposals involve making provisions for ancillary services, more specifically reserves, to be dispatched without active power generation. The reasons for the proposal are:

- Renewables influx and aging thermal generation fleet increases likelihood of reserve shortfall
- CCGTs generating at non-optimal part load range due to co-optimisation between energy and ancillary services markets
- Proposal allows fast-start capable assets (e.g., OCGT) to be dispatched solely for reserve. This could potentially increase:
  a) Available dispatchable reserve capacity
  b) Plant load factor to improve generation efficiency

9.1.1 EMC assessed that there is no foreseeable urgency to address this issue as the NEMS is currently still oversupplied. There is still a significant runway before a step increase in IGS generation beyond 350MWp.

9.1.2 In respect of impact, the proposal can help enhance system reliability and manage energy price volatility in periods of severe reserve shortfall. However, more analysis is needed on the impact on market clearing formulation and the benefits to the market as generators may still want to offer capacity into reserve markets to influence reserve cost. Also, the impact on generation efficiency maybe marginal as reserve capacity freed for generation will be spread across multiple generators.
9.2 EMC recommends that the above proposal be included in next year’s rules change work plan prioritisation exercise.

9.2.1 The RCP **unanimously supported** EMC’s recommendation to include the above proposal in next year’s rules change work plan prioritisation exercise.

9.3 Ms. Carol Tan asked if Senoko’s proposal is related to EMA’s consultation paper, *Introduction to Regulation Effectiveness Factor*, that was issued the previous week. Mr. Henry Gan replied that EMA’s suggestion in the consultation paper is to measure the effectiveness of a generating unit in providing regulation. He said that Senoko’s proposal is mainly for contingency reserve.

Ms. Tan further questioned if EMA’s determination on the said consultation paper will require RCP to make decisions on changes required to be made to the market rule, for example market products and the incentive mechanism. Mr. Poa replied that it will depend on the EMA’s final policy determination.

There being no other matters, the meeting ended at 11.05am.

**Toh Seong Wah**

Chairman

Minutes taken by:

Angeline Tan

Executive, Legal and Corporate Secretariat