MINUTES OF THE RULES CHANGE PANEL
61st MEETING
HELD ON TUESDAY, 15 MAY 2012 AT 9.35AM
AT ENERGY MARKET CO. PTE LTD
238A THOMSON ROAD #11-01
NOVENA SQUARE, SINGAPORE 307684

Present:  Dave Carlson  Toh Seong Wah
          Chan Hung Kwan  Michael Wong
          Luke Peacocke  Sean Chan
          Dallon Kay  Lawrence Lee
          Phillip Tan  Pak-Juan Koe
          Kng Meng Hwee  Daniel Lee
          Loh Chin Seng

Absent with apologies:  Dr. Toh Mun Heng  Low Cheong Kee

In Attendance:  Paul Poh  Tan Liang Ching
                (EMC)  Wang Jing  Nerine Teo
                Lucia Loh

1.0 Notice of Meeting

The Chairman called the meeting to order at 9.35am. The Notice and Agenda of the meeting were taken as read.

2.0 Confirmation of Minutes of the 60th Rules Change Panel Meeting

The Minutes of the 60th Rules Change Panel meeting held on 13 March 2012 were tabled.

As there are no amendments to the Minutes, the Rules Change Panel approved the Minutes.

2.1 Matters Arising

The Panel noted, as outlined, the follow-up action for the matter arising has been completed.

3.0 Summary of Outstanding Rule Changes

The Panel was informed that there are 2 outstanding issues in the rules change proposals.
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4.0 Monitoring List

Mr. Paul Poh informed that the Herfindahl-Hirschman Index ("HHI") has been added to the list. The HHI as at 31 March 2012 was 2430. The HHI was computed based on the share of registered capacities of gencos.

4.1 Mr. Dallon Kay requested to remove the following phrase under Note 1: “as it could render consumers vulnerable to more extreme price spikes”.

4.2 Mr. Lawrence Lee recalled that the vesting contract levels were previously monitored but noticed that it is not in the current monitoring list. Mr. Paul Poh informed that the RCP decided to remove it from the monitoring list. The Chairman also added that vesting contract levels do not change frequently.

4.3 Mr. Kay asked if EMC would consider another methodology based on scheduled generation based on data similar to what the EMC is already publishing in the annual Market Report. The Chairman replied that adding another index would cause confusion and he doubted that market concentration would change much within any given month. Mr. Kay requested for clarity that the methodology used to calculate HHI be documented for transparency.

5.0 Rules Change Workplan Status Update

5.1 Mr. Poh highlighted that the consultation paper on Introduction of tie-breaking has been published and the paper will be reviewed by the TWG before being presented to RCP.

5.2 Under Item 3 – Demand side bidding in the Energy market, Mr. Kay enquired on the progress of this issue.

Mr. Tan Liang Ching replied that EMC has worked with EMA on this issue since mid 2011, and EMA is expected to publish a consultation paper providing a strategic framework on Demand Response later this year.

5.2.1 Mr. Kay questioned if EMC is taking a new approach to work plan issues that have already been ranked and prioritized by deferring to EMA. Mr. Kay commented that the work plan issue Demand Side Bidding in the Energy Market is an example as EMA is taking the lead role whereas prioritized workplan issues have typically been progressed by the EMC independently. The Chairman informed that there have been previous cases when the EMA has indicated that they are looking at specific areas of the market and which may have an impact on rule change proposals. In these cases, the Panel had agreed to defer considerations until there is clarity on EMA’s initiatives.
5.2.3 Mr. Kay suggested reflecting that IL was already a form of demand response in the SWEM”.

6.0 Number of Business Days allowed for dispute to be resolved through mediation (Paper No. EMC/RCP/61/2012/310)

The Panel was informed that the proposed rule change by the Dispute Resolution Counsellor (“DRC”) was to reduce the number of business days allowed for a dispute to resolve through mediation, beyond which the dispute may be submitted to DRC for arbitration, from the existing 40 business days after the appointment of a mediator, to 20 business days instead.

6.1 Ms. Wang Jing informed that a mediator is required to conduct a mediation session within 20 business days of his appointment. Most mediation sessions can be completed within one day; if not, the Market Rules also allow the disputing parties to extend the timeline to complete the mediation.

6.1.1 The DRC is of the view that if the disputing parties could not reach an agreement on resolving the dispute or on the extension of the timeline at the end of the 20 business days, they would not be able to resolve their dispute through mediation. Thus it would be more appropriate to allow disputing parties to submit the matter for arbitration immediately, instead of waiting until the end of the 40 business days after the appointment of a mediator.

6.2 EMC agreed with the DRC’s view and concluded that the proposed rules changes would allow for a more efficient dispute resolution process.

Mr. Sean Chan asked if this would mean that a mediator must complete the mediation within 20 business days. Mr. Poh clarified that the timeline of 20 business days can be extended if all the disputing parties agree to do so.

6.3 The Panel unanimously supported the proposal recommended by the DRC to allow a disputing party to submit the matter for arbitration if the dispute is not resolved within 20 business days, instead of existing 40 business days, after the appointment of a mediator.
7.0 Correction of typo errors in description of export limit
(Paper No. EMC/RCP/61/2012/311)

Ms. Wang Jing presented the paper to proposal to correct a typographic error in section 2.2.3 of Chapter 6 and 1.1.102 of Chapter 8 of the Market Rules.

7.1 The Panel was informed that Section 2.2.3 of Chapter 6 stipulates the requirement for EMA to establish an export limit and describes what export limit is intended to be. It is stated that

"The Authority shall, prior to the market commencement date, establish an export limit for Singapore, which shall be a limit on the total net energy flows out of Singapore across all connections, including interties, from facilities outside of Singapore."

As the limit is for the export quantity, the limit should be on the total net energy flows out of Singapore, to (instead of "from") facilities outside of Singapore.

A similar typographic error is also found in the definition of "export limit" under Chapter 8.

It was therefore proposed to change the word "from" to the word "to" in both instances.

7.2 The Panel members unanimously voted to support the proposal to correct a typographic error in section 2.2.3 of Chapter 6 and section 1.1.102 of Chapter 8 of the Market Rules.

8.0 Any Other Business

Mr. Michael Wong noted that there are documents such as the System Operation Manual (SOM) that are circulated to the Panel for comments, even though there are no implications on the Market Rules. He enquired if there are other similar cases.

8.1 The Chairman informed that the System Operator consults the RCP on SOM changes, as required under the Market Rules.

8.1.1 Mr. Daniel Lee indicated that the SOM is a supplement to the Market Rules and that the SOM cannot override the Market Rules. This was confirmed by Mr. Kng.
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8.2 Mr. Wong requested that the potential rule changes to be highlighted when consultation papers are sent for comments from Market Participants especially RCP members. Paul Poh said that the detailed changes may not be ready at that time but the areas of potential rule changes can be highlighted in future consultation.

8.3 Mr. Wong commented that the EMA, in directing rule changes, need to consult market participants and suggested that the appropriate forum is through the RCP, as the RCP could then consolidate comments to the EMA.

8.2.1 The Chairman indicated that EMC will continue to keep the RCP informed on EMA-directed rule changes where it can but emphasized that the EMA can make rule changes without first consulting the RCP, as provided for under the Electricity Act. EMC will feedback to EMA that the EMA use the RCP as a forum for industry consultation regarding future directed rule changes. The Chairman will follow up with the EMA.

There being no other matters, the meeting ended at 10.20pm.

Dave E Carlson
Chairman

Minutes taken by:
Eunice Koh
Senior Executive – Corp. Secretariat