MINUTES OF THE RULES CHANGE PANEL
64th MEETING
HELD ON TUESDAY, 6 NOVEMBER 2012 AT 9.35AM
AT ENERGY MARKET CO. PTE LTD
238A THOMSON ROAD #11-01
NOVENA SQUARE, SINGAPORE 307684

Present: Paul Poh (Chairman)
Michael Wong
Luke Peacocke
Dallon Kay
Phillip Tan
Daniel Lee

Chan Hung Kwan
Sean Chan
Lawrence Lee
Knng Meng Hwee

Absent with apologies: Dave Carlson
Dr. Toh Mun Heng
Loh Chin Seng
Toh Seong Wah
Low Cheong Kee
Pak-Juan Koe

In Attendance: Tan Liang Ching
(EMC)
Lucia Loh

Wang Jing
Serena Ho

1.0 Notice of Meeting

The Rules Change Panel was informed that Chairman, Mr. Dave Carlson
was unable to attend and chair the 64th RCP Meeting. The Chairman
delegated Mr. Paul Poh to chair this meeting on his behalf.

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 63rd Rules Change Panel Meeting

The Minutes of the 63rd Rules Change Panel meeting held on 11
September 2012 were tabled.

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

2.1 Matters Arising

The Panel noted that there were no follow-up actions for any matters
arising.
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3.0 Monitoring List

Mr. Paul Poh informed that for Item 3 – Payment to Reserve/Regulation providers who failed to provide or partially provide, the Panel has previously supported RC300: Recovery and Refund of Reserve and Regulation Payments, whereby non-providers or partial providers identified before 5 business days (before the preliminary settlement statement is posted) would not be paid. Given that the proposal was implemented on 03 July 2012, and non-providers or partial providers identified before 5 business days are thus not paid in the first place, the Panel was asked to make a decision on whether it is necessary to continue monitoring payments to non-providers or partial providers.

The Panel agreed to remove this item from the monitoring process.

The Panel noted the rest of the contents of the paper.

4.0 Summary of Outstanding Rule Changes

The Panel noted the summary of outstanding rules change proposals.

5.0 Rules Change Workplan Status Update

The Panel noted the contents of the paper.

(Paper No. EMC/RCP/64/2012/05)

The Technical Working Group (TWG) consists of seven members from the following:

1. 4 experts based on nominations from market participants
2. 1 person nominated by the PSO
3. 1 person nominated by the Transmission Licensee
4. 1 MCE expert nominated by EMC
5. Chairperson nominated by EMC

EMC had called for nominations from market participants and the PSO to form the next TWG.

EMC recommended the Panel appoint the following nominees to the TWG for the period 21 January 2013 to 20 January 2015:

Four persons nominated by Market Participants

Mr Chua Gwen Heng
Mr Tung Ho Kok
Ms Lin Nan
Ms Tini Mulyawati
6.1 Mr. Michael Wong expressed concern that he was not able to make an informed decision in selecting the appointees as the information provided by the nominees in their CVs were not standardized: some are with a few pages whilst some only comes in a few sentences. He asked if EMC had selected the four nominees from Market Participants from considerations of their CV or job experience. Ms. Wang Jing said that all nominees are considered based on their work experiences and knowledge of the market. Mr. Poh added that EMC had also looked at their job positions and the type of responsibilities held in their companies.

6.1.1 Mr. Phillip Tan suggested EMC consider providing a standard template for all nominees to complete in future.

Mr. Michael Wong suggested EMC to list down their selection criteria and put the corresponding assessed scores of each candidate against each criterion in a table for easier reference by the Panel.

6.2 The RCP members voted the appointment of TWG members nominated from market participants as follows:

1. **Chua Gwen Heng**
   
The Panel unanimously appointed Mr. Chua as a TWG member.

2. **Tung Ho Kok**
   
The following Panel members Voted to appoint Mr. Tung as a TWG member:

   - Mr. Daniel Lee  Representative of Generation Licensee
   - Mr. Lawrence Lee  Representative of Market Support Services Licensee
   - Mr. Luke Peacocke  Representative of Generation Licensee
   - Mr. Michael Wong  Representative of Retail Electricity Licensee
   - Mr. Phillip Tan  Person experienced in Financial Matters in Singapore
   - Mr. Sean Chan  Representative of Retail Electricity Licensee
   - Mr. Chan Hung Kwan  Representative of Transmission Licensee
   - Mr. Kng Meng Hwee  Representative of the PSO

   Those who abstained:

   - Mr. Dallon Kay  Representative of the Wholesale Electricity Market Trader
3. **Tini Mulyawati**

The following Panel members Voted to appoint Ms. Tini Mulyawati as a TWG member:

<table>
<thead>
<tr>
<th>Name</th>
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<td>Mr. Daniel Lee</td>
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<td>Mr. Chan Hung Kwan</td>
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<td>Mr. Kng Meng Hwee</td>
<td>Representative of the PSO</td>
</tr>
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Those who Voted against:

- Mr. Michael Wong  
  Representative of Retail electricity Licensee

Those who abstained:

- Mr. Dallon Kay  
  Representative of the Wholesale Electricity Market Trader

4. **Lin Nan**

The following Panel members Voted to appoint Ms. Lin Nan as a TWG member:

<table>
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<td>Mr. Kng Meng Hwee</td>
<td>Representative of the PSO</td>
</tr>
</tbody>
</table>

Those who Voted against:

- Mr. Michael Wong  
  Representative of Retail Electricity Licensee

Those who abstained:

- Mr. Dallon Kay  
  Representative of the Wholesale Electricity Market Trader
- Mr. Sean Chan  
  Representative of Retail Electricity Licensee
- Mr. Chan Hung Kwan  
  Representative of Transmission Licensee
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By majority vote, the Panel supported the appointments of the following to the TWG:

1. Mr Chua Gwen Heng
2. Mr Tung Ho Kok
3. Ms Tini Mulyawati
4. Ms. Lin Nan

The Panel then considered the appointments of the following TWG members:

One person nominated by the PSO
Mr Yong Thi Yen

One person nominated by the Transmission Licensee
Mr Lionel Lee Soo Hian

One MCE expert nominated by EMC
Ms Bai Jie

Chairperson nominated by EMC
Mr Paul Poh (as Chairperson)

The Panel unanimously Voted to appoint these nominees to the TWG.

6.3 The Panel appointed the following nominees to be members of the TWG, for the period 21 January 2013 to 31 December 2014.

1. Mr Chua Gwen Heng
2. Mr Tung Ho Kok
3. Ms Tini Mulyawati
4. Ms. Lin Nan

One person nominated by the PSO
Mr Yong Thi Yen

One person nominated by the Transmission Licensee
Mr Lionel Lee Soo Hian

One MCE expert nominated by EMC
Ms Bai Jie

Chairperson nominated by EMC
Mr Paul Poh (as Chairperson)
7.0 **Tie-breaking of offers**  
(Paper No. EMC/RCP/64/2012/313)

Ms. Wang Jing presented a paper to address a market participant’s proposal that a more equitable method to resolve tied offers should be incorporated into the Market Clearing Engine (MCE).

The Panel was informed that the proposed rule changes are to give effect to the tie-breaking methodology that was presented in Concept paper 313 which had been supported by the RCP at its 62nd meeting. The proposed rules changes were also supported by the TWG at its 18th meeting.

7.1 In reply to Mr. Michael Wong’s question as to who would take responsibility if the formulation fails in the MCE and Mr. Sean Chan’s question on what was the EMC’s process of check and balance for changes made to the MCE, Mr. Poh said that prior to implementation, EMC will engage an auditor to review and audit all formulation changes and internal controls.

7.1.1 Mr. Peacocke added that it was his understanding that the EMC’s software release procedures include conducting a parallel run to ensure the changes to the MCE formulation will work as intended.

7.2 Under Chapter 6 Appendix 6D.9C.2-6D.9C.4, Mr. Peacocke asked if it is possible to identify only those offers from the marginal units as the tied offers. Mr. Poh said that as there could be tied offers at the non-marginal level, the tie-breaking methodology should apply to them as well.

7.3 The Panel unanimously supported the rules change proposal to implement the tie-breaking methodology.
8.0 Exceptions to Gate Closure during an Emergency Operating State
(Paper No. EMC/RCP/64/2012/314)

Ms. Lucia Loh informed the RCP that at the 63rd RCP meeting, the Panel had supported the proposal to allow offer changes which alleviate shortfall situations while an emergency operating state (EOS) is in effect, and tasked EMC to draft the relevant rule modifications to implement the proposal.

Ms. Loh then presented a summary of the proposed rule modifications to the Panel.

8.1 Mr. Kng Meng Hwee sought clarification that the issuance of a normal operating state system status advisory notice would constitute a withdrawal of the preceding EOS system status advisory notice. This was affirmed by EMC.

8.2 The Panel unanimously supported the proposed rule modifications to allow offer changes that alleviate shortfall situations within gate closure, while an EOS is in effect.

9.0 Proposed Provision for Price Revision when generating units fail to revise their offers in good faith
(Paper No. EMC/RCP/64/2012/CP44)

Ms. Serena Ho presented the Concept Paper to assess the proposal to conduct price revision when Market Participants (MPs) are determined to have failed to revise their offers in good faith to correctly reflect the physical capabilities of their generating units after forced outages.

9.1 Mr. Peacocke enquired if the proposed price revision could be triggered by a unit tripping rather than an EOS, and revise prices if there were no corresponding offer revisions.

9.2 Mr. Tan Liang Ching said that while this was hypothetically possible, we should be cautious not to move into an ex-post price regime whereby price revision is frequently conducted based on the actual period’s circumstances (e.g., even based on actual period load rather than load forecast). This is because ex-post pricing has its own set of issues.
9.3 Mr. Kng said that apart addressing the issue of MPs failing to revise their offers accurately following forced outages, price revision would cause consumers to suffer in this scenario as they would have to pay higher revised prices for their consumption, after they had consumed thinking they would pay the lower ex-ante prices published by EMC. He also said that it was dangerous to assume that most consumers were on fixed-price contracts going forward and hence won't be affected by the price revision. As such, he maintained that there should not be a price revision.

9.4 Mr. Michael Wong asked EMC for statistics of all such price re-runs in the past years and urged the panel to consider consistently on the balance between price certainty and price accuracy.

9.5 Mr. Phillip Tan concurred and noted that the MP who created the problem should wholly bear the consequences, and that the consumers should not be made to suffer as a result.

9.6 Mr. Poh shared that based on the assumptions made in the recent vesting contract determination paper by EMA’s consultants, about 80% of consumers were on fixed-price contracts and were not exposed to spot prices. Mr. Tan Liang Ching highlighted that the proposed price revision was not meant to penalize the consumers – it was to make them pay what they would have paid in the first place. Mr. Peacocke added that the concept of price revision should be assessed holistically. He noted that there were currently already 5 types of price revision in place in the market rules, and suggested that the price revision being proposed should be seen as another type of price revision. Mr. Kng maintained that he is not supportive of any form of price revision in an ex-ante market, regardless of whether the revised price would be higher or lower.

9.7 While Mr. Kng noted that EMC’s legal advisors had advised on the difficulties of going through the MSCP or the DRC to resolve the compensation issue, he requested for EMC to nonetheless consult the MSCP and the DRC directly. This would allow the MSCP and the DRC to advice on the feasibility of these alternative options.

9.8 Mr. Chan Hung Kwan agreed with Mr. Kng's views that the alternative options of resolving through the MSCP and the DRC should not be ruled out. He questioned if the purpose was to shape genco's behaviours, and suggested that if so, the market rules could be changed to empower the MSCP and/or the DRC to achieve the intended outcome.
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9.9 Mr. Peacocke pointed out that it might be difficult for the affected MP to bring a strong case against the offending MP through the DRC route, as the former would not have access to certain data (for evidence) such as the offers made by other MPs. Mr. Kng responded that the affected MP could raise a dispute and the DRC could gather the necessary data for evidence, or the MP could follow up from the MSCP determination. He felt that the DRC could make a determination on the compensation amount and who it should go to. Alternatively, he suggested that the MSCP could impose a fine and the DRC could then determine the distribution of the fine.

9.10 Mr. Dallon Kay noted that under the current Market Rules, the fines collected were channeled to consumers rather than to the affected parties, which did not reflect reality. He suggested greater flexibility whereby the MSCP, for example, could determine which parties the fines should be paid to, so that affected parties receive some form of restitution.

9.11 Mr. Poh said that EMC would follow-up to explore with the MSCP and the DRC on the feasibility of the alternative options to make the offender pay the affected parties. He said that EMC would also provide the MSCP and the DRC the legal advice received, and seek their opinions on this compensation issue.

9.12 Mr. Michael Wong queried if it was possible to agree on a cut-off time so that MPs’ offers can be removed after their generating units trip, such that these offers would be automatically excluded for subsequent periods until the unit comes back. Mr. Kng replied that there were units that could come back shortly after tripping, hence it would be unfair to the MP and consumer (through higher prices) if EMC were to remove offers the moment the generating units trip.

9.13 Mr. Poh summarized that EMC will follow-up with the MSCP and the DRC on the following aspects:

1. Mechanism for the MSCP’s fine to be allocated to the affected parties rather than to the MEUC, and the DRC to facilitate the compensation claims, and

2. Market rules to allow one MP to seek compensation from another

There being no other matters, the meeting ended at 11.40am.

Paul Poh
Chairman

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

Approved at the 65th RCP Meeting
held on 8 January 2013