MINUTES OF THE RULES CHANGE PANEL
10th PANEL MEETING
HELD ON FRIDAY, 05 DECEMBER 2003 AT 10.05AM
AT ENERGY MARKET CO. PTE LTD
9 RAFFLES PLACE #22-01
REPUBLIC PLAZA, SINGAPORE 048619

Present: Allan Dawson (Chairman) Eu Pui Sun
Yip Pak Ling Lee Sin Chong
Ben Lau Kok Shook Kwong
Robin Langdale
TP Manohar

Absent with Apologies: Tan Boon Leng Francis J. Gomez
Dr. Daniel Cheng

In Attendance: Paul Poh, EMC Poa Tiong Siaw, EMC
Shashank Swan, EMC Teo Wee Guan, EMC

1.0 Notice of Meeting
The Chairman called the meeting to order at 10.05am. The Notice and Agenda of the meeting were taken as read.

2.0 Confirmation of Minutes of the 9th Rules Change Panel Meeting
The Minutes of the 9th Rules Change Panel Meeting held on Wednesday, 29 October 2003 was tabled and having been previously circulated was taken as read.

There being no amendments to the Minutes, the Rules Change Panel unanimously accepted and approved the Minutes.

3.0 Matters Arising from the 9th Rules Change Panel Meeting
The Panel noted that the matters arising had been completed except for:

Item 7.0 Margin Call excluding an outlier in the computation of Estimated Net Exposure (Paper No.: EMC/RCP/07/2003/209)

Mr. Paul Poh informed the Panel that EMC is working on a simpler method to calculate the ENC where outliers are excluded. This new method needs to be tested for workability in practice. EMC will provide the proposed method at the next RCP meeting.


Mr. Yip Pak Ling informed the Panel that EMC can only deliver the interface document on the file format and support schedule after 1 January 2004 as part of its resource prioritization.

Action by

EMC
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The Panel requested EMC to provide an estimated date for delivery of the API interface download. EMC will advise the Panel of this date.

4.0 Paper No.: EMC/RCP/10/2003/224 – Modification Submission

EMC presented PowerSeraya’s rules modification proposal where PowerSeraya suggested that “any interested person” be removed from the existing rule (Chapter 3 Section 5.3.2) and instead, replace it with “contestable consumer”.

PowerSeraya was concerned that the person who requested a rule change might not bear the costs associated with the rule change process and the process might be subject to abuse.

In its analysis, EMC showed that the existing rule promotes the market evolution process by allowing anyone to submit suggestions/ideas on how the market can be improved in terms of design or procedures. Also, the current rule sends a strong signal to the market participants and potential investors that the market is committed to seeking improvements continually. To date there is no indication that the current rule change process has been abused by non-market players. Overseas experience also pointed to the fact that organizations that are not involved directly in trading (i.e. universities and technical institutes) have contributed significantly to market evolution.

EMC also informed the Panel that there are also adequate measures in place to ensure cost-effectiveness of the process. These include a recent rule change to streamline the rule change process, the rule change work plan prioritization exercise and internal guidelines to classify/categorize rule changes. There also exists adequate measures to weed out any abuse.

The Panel supported EMC’s recommendation not to support the rule change proposal and to make the same recommendation to the EMC Board for adoption.

5.0 Paper No.: EMC/RCP/10/2003/225 – Informing MSSL when a retailer is in default or suspension /termination process

This proposal follows a similar rule modification (Paper No.: EMC/RCP/02/2003/173) which was to require the relevant parties to inform MSSL when a direct market participant has an event of default and/or is under suspension process.

This rule modification is also to require the relevant parties to inform the MSSL when a retailer is under any of the following circumstances:
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1. the concerned MP becomes aware of the event of default or appoints a receiver or judicial manager in respect of any of its property;
2. EMC issues a default notice to the concerned MP
3. the MSCP lifts a suspension order
4. the MSCP extends, stays operation of or modifies conditions of any suspension order
5. the MSCP intends to issue a termination order
6. the MSCP issues a termination order

The Panel supported EMC’s recommendation and to make the necessary recommendation to the EMC Board for adoption.

The Panel requested EMC to look at implications on cases which may affect retailers and/or generators and/or MSSL, based on similar principle of disclosures.

6.0 Paper No.: EMC/RCP/10/2003/226 – Clarifying Registration prerequisite for standing offers relating to registered facilities

Under current practice, facilities that are contracted to provide ancillary services (Fast start service, Black start service, Reactive power & Voltage control and Reliability must- run service) are not required to submit standing offers. Chapter 6, Section 5.1 sets out obligation to have standing offers in relation to providing energy, reserve and regulation.

However, Chapter 2, Section 5.2.4.1(d) requires all such facilities to have a standing offer in place before a facility can be registered. This is inconsistent. The rule modification will remove the inconsistency.

The Panel supported EMC’s recommendation and to make the necessary recommendation to the EMC Board for endorsement.

7.0 Paper No.: EMC/RCP/10/2003/01 – EMC Information Policy

The Panel was informed that in fulfilling EMC’s obligations under the Electricity Act, EMC is guided by the firm belief that information availability plays a critical role in achieving an efficient market outcome and transparency is a critical characteristic of a successful market place.

Hence, EMC seeks to maximize the availability of information to all stakeholders whenever possible subject to cost considerations.

In treating information, EMC is currently guided by:

- Condition 21 of its Electricity Licence
- Section 6.4.1 of Chapter 3 of the Market Rules
- Section 1.1.26 of Chapter 8 of the Market Rules
Within these provisions, there are the following gaps:

1. The provisions do not give guidance on the treatment of information that is generated by EMC.
2. The Rules do not provide guidelines as to what is “otherwise confidential or commercially sensitive”.

An information policy document is required to address the above two points of uncertainty from the Electricity Licence and the Market Rules.

Hence, the policy document defines information generated by EMC either information that is:

- created by EMC; or
- derived from the Market Clearing Engine (MCE); or
- derived by EMC through applying aggregation or other methods of transformation on information received by EMC.

The Panel was informed that, in assessing disclosure, all information generated by EMC and not provided for release in any governing document will be subject to various processes such as:

1. Identity test
2. national security test
3. impact test
   - financial or commercial impact on any identified party
   - legal restrictions and/or contractual obligations that are binding on EMC or any identified party
   - national security test
4. costs-benefit test

Under the Identity Test, the Panel requested EMC to consult with any party identified during the test before the release of any of the information.

Information deemed releasable by EMC will then be subject to a policy on information dissemination. The mode of dissemination of releasable information will depend on the benefits that it would create for the NEMS and its stakeholders.

EMC will further classify releasable information into the following subclasses by applying the following principles:

1. information is to be provided to parties that will benefit from it
2. all beneficiaries are to be treated equally
3. releasable information will be provided without request if EMC considers the information to be useful to most parties most of the time. Otherwise, such information will be available only on request
4. the mode of dissemination will be the most cost-effective
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The four sub-classes of releasable information are:

- **R1**: to be made available to market participants/PSO/MSSL on request
- **R2**: to be provided to all market participants/PSO/MSSL where appropriate
- **R3**: to be made available to the public on request
- **R4**: to be published for the public

**R1** and **R3** information will be kept by EMC and can be accessed by a market participant, the PSO, the MSSL or a member of the public on request.

**R2** information will be provided to all market participants through a medium that the EMC considers appropriate.

**R4** information will be published on EMC’s public website.

EMC recommended that the RCP endorses this policy document to guide EMC in handling market-related information generated by EMC and to adopt the principles and tests set out in the document in evaluating rule change proposals relating to information disclosure.

The Panel noted the contents of the document and endorsed it. This endorsement is subject to a slight amendment on consultation with the market participants.

The Panel further discussed improvements to the information policy. EMC was requested to look into the possibility of incorporating the information policy into the market rules after it has been tested for robustness.

**8.0** Paper No.: EMC/RCP/10/2003/02 – Modification to System Operation Manual

This paper outlined the role of the Rules Change Panel in reviewing the modifications to the PSO system operation manual and the process involved.

In summary, the modifications are related to references that appeared to be dealing with the provision of interruptible load and also some of the changes to the standard forms that are being used by market participants.

Mr. Kok also informed the Panel that the PSO had made a study on the allowable limit ranges for interruptible loads and the system security impact and voltage limitations. These limitations will be subject to an annual review by the PSO.

The Panel noted the contents of the paper.
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The Panel requested for an introduction to interruptible load for non-market participants. Mr. Yip informed the Panel that direct market participants or participant through a retailer can provide interruptible load.

EMC was requested to look at the possibility of providing a write up on Interruptible Load taking into account information available in the system operation manual that relates to interruptible load, subject to approval by the PSO on the release of this information.

9.0 Paper No.: EMC/RCP/2003/08/213 – Composition of Rules Change Panel

At the 10 November 2003 EMC Board meeting, the EMC Board agreed in principle to the rule change. However the Board felt that the proposed drafting could be improved.

The EMC Board felt that with the proposed drafting should any one of Senoko Power, Power Seraya or Tuas Power be sold, its affiliate would be eligible to nominate another member on the RCP unless a rule change is made. The EMC Board requested the proposed rules be re-drafted such that no rule change would be required to prevent this situation should a sale take place.

EMC circulated the revised rules modification incorporating the EMC Board’s request to all Panel members for their support. The Panel members gave their support and the EMC Board has now adopted the revised rule modification.

10.0 Date of Next Panel Meeting

The next Panel meeting is scheduled to be held on 6th January 2004 at 10.00am at the EMC Board Room.

There being no other matters, the meeting ended at 11.35pm with a vote of thanks to the Chair.

ALLAN DAWSON
Chairman

Minutes taken by:
Eunice Koh
Market Panel Administrator