MINUTES OF THE RULES CHANGE PANEL
76th MEETING
HELD ON TUESDAY, 04 NOVEMBER 2014 AT 9.35AM
AT ENERGY MARKET CO. PTE LTD
238A THOMSON ROAD #11-01
NOVENA SQUARE, SINGAPORE 307684

Present: Paul Poh (Chairman) Michael Wong
Chan Hung Kwan Pak-Juan Koe
Daniel Lee Phillip Tan
Dr. Toh Mun Heng Sean Chan
Dallon Kay Toh Seong Wah
Frances Chang Luke Peacocke

Absent with Loh Chin Seng Lawrence Lee
apologies: Kng Meng Hwee

In Attendance: Tan Liang Ching Lucia Loh
(EMC) Serena Ho Jo Ong

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 75th RCP Meeting

The Minutes of the 75th RCP meeting held on 02 September 2014 were tabled.

As there are no amendments to the Minutes, the RCP approved the Minutes.

2.1 Matters Arising

The Panel noted that all matters arising from the 75th RCP Meeting as listed were completed, except for:

2.1.1 Introduction of Regulation Effectiveness Factor (Paper no. EMC/RCP/74/2014/CP49)

At the 75th RCP Meeting, Mr. Michael Wong requested for the PSO to work out the results of the past four quarters to assess whether the same units have been consistently under-performing. The PSO responded that the cost to expand simulations to cover four quarters will be $120k and will take at least 1 year to implement. The PSO will proceed with the simulations if the market is willing to foot the cost of the simulations.
Mr. Wong asked if the March to May 2014 data provided earlier was already chargeable at an estimated $20k. The Chairman postulated that external help may be required if PSO were to expand the simulations.

Mr. Tan Liang Ching added that the amount of work put in to provide the March to May 2014 data was already quite demanding and non-trivial.

Mr. Wong said that the rationale for requesting additional simulations was so that the PSO can assess whether the same generators are consistently under-performing. If so, the PSO can work with the respective generators to improve their regulation performance.

Mr. Tan informed the Panel of the cost to implement the proposal for both EMC and PSO:

a) EMC would need to make changes to the following:
   - Standing data to capture the regulation provider effectiveness groups
   - Settlement engine to redistribute the regulation payment
   - Settlement internal interface/SEW/WebServices to have new columns

Additional cost incurred by EMC will be S$211,920, with 25 calendar weeks for implementation.

b) PSO will incur a set-up cost of $70k and annual recurring cost of $50k and will take 1 year to implement the proposal.

The total cost of $280k will be incurred to implement the proposal, together with the PSO’s running cost of $50k annually.

Mr. Luke Peacocke said that there is not enough evidence to support the implementation of the proposal. He added that if a generating unit does not respond properly, PSO will already look into the issue as it impinges on system security.

The following Panel members voted **not to support** implementing the Introduction of Regulation Effectiveness Factor:
- Mr. Luke Peacocke (Representative of Generation Licensee)
- Mr. Phillip Tan (Person experienced in Financial Matters)
- Mr. Dallon Kay (Representative of the Wholesale Electricity Market Trader)
- Mr. Michael Wong (Representative of Retail Electricity Licensee)
- Mr. Pak-Juan Koe (Representative of Generation Licensee)
- Mr. Sean Chan (Representative of Retail Electricity Licensee)
- Mr. Daniel Lee (Representative of Retail Electricity Licensee)
Minutes of 76th RCP Meeting – 4 November 2014

Mr. Chan Hung Kwan  (Representative of Transmission Licensee)
Dr. Toh Mun Heng (Representative for the interests of consumers of Electricity)

The following members abstained from voting:

Mr. Toh Seong Wah (Representative of the EMC)
Ms. Frances Chang (Representative of consumers of electricity in Singapore)

Mr. Tan said that EMC will suggest to the PSO to consider whether it would be useful to conduct ad-hoc random assessment annually.

3.0 Monitoring List

Under Item 1 – Number of Market Clearing Engine (MCE) Re-runs

Mr. Tan Liang Ching informed the RCP that from August to September 2014, there were 28 cases of price re-runs.

He highlighted that on 26 August, there were over several episodes where a unit's busbar was islanded and there were price separation and connectors to rerun for prices. There was no particular impact on prices.

On 11 August, there was an issue with processing of DAR and there was a need to do a fall back to produce the correct results.

On 25 September, the MCE was unable to pick up correct NWStat file and the period was rerun and prices were finalised.

Under Item 5 – Attendance of RCP Members

Mr. Phillip Tan noted that the PSO representative had not attended several meetings and efforts should be made for representation by the power system operator.

The Chairman informed that there is no alternative representation for the non-attendance of any RCP member.

Mr. Michael Wong said that, if the nominated representative is unable to attend the meeting, there is a need to provide for an alternative representative from PSO to attend the meeting to help clarify matters regarding the power system. He suggested that the alternative representative could have no voting rights on RCP issues. He requested EMC to look into this.
Minutes of 76th RCP Meeting – 4 November 2014

4.0 Summary of Outstanding Rule Changes

The RCP noted the summary of outstanding rule changes.

5.0 Rules Change Work Plan Status Update

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

6.0 Appointment of Technical Working Group

(Paper No. EMC/RCP/76/2014/05)

Ms. Jo Ong informed the Panel that the Technical Working Group (TWG) comprises eight members as follows:

1. Four experts based on nominations from Market Participants (MPs)
2. One person nominated by the PSO
3. One person nominated by the Transmission Licensee
4. One MCE expert nominated by EMC
5. Chairperson nominated by EMC

As the term of the current TWG will end on 31 December 2014, EMC invited nominations from MPs, the PSO, the Transmission Licensee and EMC to form the next TWG.

At the previous TWG appointment at the 64th RCP meeting, it was proposed for EMC to provide a standard template for the CVs and to score the nominees of MPs against each TWG selection criterion.

Based on the standardized CVs received and the final evaluation scores, EMC recommended that the Panel appoint the following nominees of MPs to the next TWG:

Four experts based on nominations from MPs
1. Mr. Calvin Tan
2. Mr. Chua Gwen Heng
3. Mr. Liu Jidong
4. Ms. Tini Mulyawati

Mr. Michael Wong queried if EMC also interviewed the nominees or relied solely on their CVs to determine their extent of technical knowledge and understanding of the market. Mr. Dallon Kay also asked if there is a minimum evaluation score that nominees have to meet to be considered for appointment. The Chairman replied that interviews by EMC are not appropriate because if an individual MP’s already assess that its employee is suitable to hold a particular position and thus should have certain skills relevant to the TWG appointment it would be inappropriate for the EMC to through an interview conclude that the candidate does not have such a skill. As for setting a minimum evaluation score this could be considered for the next TWG appointment but to-date there is no issue with having sufficient suitable candidates.
Minutes of 76th RCP Meeting – 4 November 2014

In response to Mr. Koe Pak-Juan’s query if there was a panel to decide on the evaluation scores, the Chairman clarified that the suitability of the candidates were evaluated by the Market Admin team.

Mr. Wong suggested for the TWG to be expanded from the current eight members to nine members, so as to accommodate up to five experts based on nominations by MPs. This is so that the opinions and perspectives of different MPs can be taken into account at the TWG meetings. The Chairman responded that the consensus of the RCP on the formation of the TWG then was for the TWG to be small. Moreover, there is a need for competition to ensure that MPs nominate candidates with the greatest competency and most relevant experience to contribute to the discussion of the TWG.

The Panel unanimously appointed the following nominees of MPs to the next TWG:

**Four experts based on nominations from MPs**
1. Mr. Calvin Tan
2. Mr. Chua Gwen Heng
3. Mr. Liu Jidong
4. Ms. Tini Mulyawati

The Panel then considered the appointment of the following nominees of the PSO, the Transmission Licensee and EMC to the next TWG:

**One person nominated by the PSO**
Mr Loh Poh Soon

**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 appointed the above nominees to the TWG.

In conclusion, the Panel appointed the following nominees to the TWG, for the period from 1 January 2015 to 31 December 2016.

**Four experts based on nominations from MPs**
1. Mr. Calvin Tan
2. Mr. Chua Gwen Heng
3. Mr. Liu Jidong
4. Ms. Tini Mulyawati
Minutes of 76th RCP Meeting – 4 November 2014

One person nominated by the PSO
Mr Loh Poh Soon

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 Remodeling of Multi-Unit Facilities (MUFs)
(Paper No. EMC/RCP/76/2014/323)

Ms. Serena Ho informed the Panel that at the 73rd RCP meeting, the Panel agreed with the TWG’s recommendation not to address the secondary problem but noted that even though the primary problem occurred rarely, not addressing it could potentially affect system security. Weighed against the cost of implementation, since addressing the primary problem could improve system security, market efficiency and accuracy of the MCE modelling, the Panel unanimously supported solving the primary problem and tasked EMC to draft the relevant rule modifications.

Ms. Ho recapped the proposed solution to solve the primary problem, and then presented the proposed rule modifications to achieve the same.

The Panel was informed that the estimated time required for system implementation is 22.5 calendar weeks, at a total cost of $20k (for audit purposes).

Mr. Kay asked if the connectivity of the network is automatically communicated to the PSO and then sent to EMC. Ms. Ho said that EMC determines the connectivity of the network based on the network status file that PSO sends to EMC, which contains information on the connectivity status of the generating units’ default buses and lines.

The Panel unanimously supported EMC’s proposed rule modifications to refine the modelling of MUFs in the MCE to address the primary problem.
8.0 Review of Compensation Guidelines  
(Paper No. EMC/RCP/76/2014/325)

Ms. Lucia Loh informed that the Panel at its 75th meeting had in-principle supported revising the existing compensation guidelines to:

- include a cost-based calculation methodology based on gencos’ long run marginal cost, and
- allow applicants to choose a compensation calculation methodology based on its offers or cost.

At that meeting, the Panel also tasked EMC to draft the proposed rule modifications to disallow offer changes by a GRF which is under PSO’s direction, and to consider whether any exceptions on offer changes should be included.

Ms. Loh presented the proposed rule modifications and revised compensation guidelines to implement the Panel’s decisions. EMC assesses that directed gencos should be allowed to revise offers to reflect their revised capability following forced outages, so that the MCE’s schedule and resulting prices reflects the true demand and supply conditions. This has accordingly been included in the proposed rule modifications.

On Scenario D in Table 3 of the revised compensation guidelines, where a GRF’s total energy offer quantity was less than its instructed level, Mr. Peacocke commented that an alternative method of assessing compensation for quantities which are not covered by offers is to use the offer price in the last price-quantity pair. The Chairman replied that using the GRF’s computed cost as proposed in the revised guidelines ensures that gencos are at least made whole, and also encourages them to offer in their full available capacity.

The Panel unanimously voted to support the proposed rule modifications and revised compensation guidelines, and agreed for the revised compensation guidelines to take effect immediately.

The Panel will also write to the EMC and the PSO to request that they use the revised compensation guidelines and provide feedback to the Panel when the guidelines have been applied in assessing a compensation request.
9.0 Review of Dispute Resolution Procedures
(Paper No. EMC/RCP/76/2014/326)

Ms. Lucia Loh informed the Panel that, according to the market rules, a review of the current dispute resolution procedures (DRP) shall be conducted by 31 December 2014.

The review was initiated on 09 October 2014 by inviting for submissions to be filed with EMC. Submissions were received from the Power System Operator (PSO) and the Dispute Resolution Counsellor (DRC).

Ms. Loh then presented the following two proposals arising from this review, together with EMC’s recommendation.

- Proposal 1: Extension of deadline to notify claimant of eligibility for compensation (Proposed by PSO)
- Proposal 2: Introduction of time limit for acceptance of compensation and filing of notice of arbitration (Proposed by PSO and DRC)

Proposal 1

Proposal 1 suggests for EMC/PSO to make a determination within 20 business days from the date of receipt of (i) the claimant's request or (ii) further information or clarification requested by EMC/PSO, whichever is later.

Mr. Peacocke asked if EMC had considered stipulating a maximum duration for a determination to be made by EMC/PSO, given that with Proposal 1, the determination could be postponed indefinitely if claimants take a long time to furnish the requested information. The Chairman explained that since claimants do not receive compensation until a determination has been made by EMC/PSO, claimants should be incentivised to revert on the requested information promptly.

Proposal 2

Ms. Loh explained that while PSO proposes giving claimants 5 business days to respond on their acceptance, with a provision for extension if both parties agree, EMC recommends providing 20 business days without any provision for extension. This provides claimants with sufficient time to decide, and also align with the DRC’s proposal to require a notice of arbitration to be filed within 20 business days should claimants disagree with the determination.
Minutes of 76th RCP Meeting – 4 November 2014

Mr. Phillip Tan questioned why parties should be prevented from extending the deadline for acceptance of compensation, if both are agreeable. The Chairman explained that since the cost of compensation is borne by consumers (and not EMC/PSO), the EMC or PSO is generally not in a position to negotiate with claimants on the compensation amount. If claimants do not agree with the compensation determined by EMC/PSO, the matter should then be resolved by a third party, i.e. through arbitration.

Mr. Daniel Lee added that setting a time limit provides greater certainty and a quicker resolution. He elaborated that it prevents a situation where one party whose position on the compensation amount is weak and therefore if the matter were to proceed to arbitration, expected to be rejected by the arbitration tribunal in favour of the other party’s position on the compensation amount and knowing this and wanting to avoid arbitration, takes its time to revise its position on the compensation amount to a more reasonable one that could be acceptable to the other party. The first party could do so knowing that the other party expecting to win in arbitration but wanting to avoid the costs of arbitration would give time for the first party to revise its position on the compensation amount even though it could take months. With a time limit, the first party would rationally revise its position on the compensation amount before having to proceed to arbitration.

The Panel unanimously supported the proposed rule modifications to implement EMC’s recommendations for Proposals 1 and 2, and to update the timeline for the next review.

There being no other matters, the meeting ended at 11.35am.

Paul Poh
Chairman

Minutes taken by:
Eunice Koh
Senior Executive - Corporate Secretariat