

**DETERMINATION OF THE MARKET SURVEILLANCE AND COMPLIANCE PANEL
MSCP/2023/D5**

Market Surveillance and Compliance Panel

Professor Walter Woon, Chairman
Professor Euston Quah
Mr. Philip Chua
Dr. Stanley Lai
Mr. T P B Menon
Mr. Yeo Yek Seng

Date of Determination

19 July 2023

Party

Diamond Electric Pte. Ltd.

Subject

Failure to comply with gate closure rules in February and March 2023

FACTS AND CIRCUMSTANCES

1. Diamond Electric Pte. Ltd. ("Diamond Electric") submitted self-reports on 3 February, 13 February, 20 February, and 2 March 2023 regarding its offer variations after gate closure for COMP01 for 3 February (periods 34 and 35), 13 February (periods 35 and 36), 20 February (periods 20 and 21) and 2 March 2023 (periods 32 and 33).
2. The offer variations after gate closure referred to above related to the removal of the contingency reserve offer quantity for COMP01 in the two periods immediately following the scheduling of the facility for demand response energy curtailment. As the facility had delivered the load reduction for demand response, offer variations after gate closure were submitted to remove COMP01's participation in the contingency reserve market in the subsequent periods to reflect the actual available remaining reserve resource capability of the facility.
3. As a remedial action, Diamond Electric modified its offering process in its standard operating procedures to ensure that there is no interruptible load contingency reserve offer coinciding with the demand response energy offer. This will accordingly remove the need to breach gate closure to remove its contingency reserve offer following a demand response activation. The new process has been implemented prior to the initiation of this investigation.
4. On 1 June 2023, the Market Surveillance and Compliance Panel ("MSCP") wrote to inform Diamond Electric that it considered them to be in *prima facie* breach of section 10.4.1 of Chapter 6 of the Market Rules for COMP01 for periods 34 and 35 on 3 February, periods 35 and 36 on 13 February, periods 20 and 21 on 20 February, and periods 32 and 33 on 2 March 2023, and invited Diamond Electric to submit written representations by 15 June 2023.

5. On 16 June 2023, Diamond Electric submitted its written representations to the MSCP, stating that in its opinion the incidents in question were exempted under section 10.4.1 of Chapter 6 of the Market Rules. Specifically, Diamond Electric views that the demand response energy curtailment instruction issued by the market reasonably satisfies the “restriction of use” element under the definition of a “forced outage” in the Market Rules, given that the operating equipment was shut down in order to deliver the load reduction. As a result, offer variations after gate closure were submitted to remove participation in the contingency reserve market in the subsequent periods due to the load no longer being actively consuming and thus not available for activation of interruptible load in the contingency reserve market.
6. Diamond Electric indicated that a hearing was not required.

APPLICABLE MARKET RULES

7. Section 10.4.1 of Chapter 6 provides that

10.4.1 Notwithstanding sections 5.1.5, 5.1.6 and 5.1.7, no *offer variation* or revised *standing offer* shall be submitted by or for a *market participant* within 65 minutes immediately prior to the *dispatch period* to which the *offer variation* or revised *standing offer* applies, except:

10.4.1.1 where it is intended:

- a. for a *generation registered facility*, to reflect its expected ramp-up and ramp-down profiles during periods following *synchronisation* or preceding *desynchronisation*; or
- b. for a *generation registered facility*, to reflect its revised capability for the three consecutive dispatch periods immediately following a *forced outage* or its failure to *synchronise*; or
- c. for an *import registered facility*, to reflect its revised capacity for the three consecutive *dispatch periods* immediately following a *forced outage* of the *interties* connecting the *import registered facility* to the *transmission system*; or
- d. to contribute positively to the resolution of an *energy* surplus situation pertaining to which the *EMC* has issued an *advisory notice* under section 9.3.1, by allowing for decreased supply of *energy*; or
- e. to contribute positively to the resolution of *energy*, *reserve* or *regulation* shortfall situations pertaining to which the *EMC* has issued *advisory notices* under section 9.3.1, by allowing for increased supply of *energy*, *reserve* or *regulation*; or
- f. to contribute positively to the resolution of *energy*, *reserve* or *regulation* shortfall situations in that *dispatch period*, where:
 - i. the shortfall situations were indicated in a system status *advisory notice* issued by the *EMC* in respect of a *high-risk operating state* or *emergency operating state* declared by the *PSO*; and
 - ii. at the time of submission of such *offer variation* or revised

standing offer, the *EMC* has not yet withdrawn, in respect of that *dispatch period*, such system status *advisory notice*, by allowing for increased supply of *energy, reserve or regulation*,

by allowing for increased supply of *energy, reserve or regulation*; and

- g. for a load registered facility, to reflect its revised capability during a forced outage or following a decrease in energy withdrawal under sections 9.3.3 and/or 9.3.4 of Chapter 5; and

10.4.1.2 where the price so *offered*, other than for additional quantities of *energy, reserve or regulation*, is the same as that previously *offered* for that *dispatch period*.

ENFORCEMENT

- 8. The MSCP views that a “forced outage” is unplanned and/or unanticipated event and does not consider the scheduling of demand response to qualify as a forced outage within the framework of the Market Rules. The provision of demand response is not unplanned and/or unanticipated given that Diamond Electric have made submissions to offer this service to the market knowingly subjecting COMP01 to restriction of use.
- 9. Based on the facts referred to above, the MSCP determined that Diamond Electric had breached section 10.4.1 of Chapter 6 of the Market Rules for COMP01 for periods 34 and 35 on 3 February, periods 35 and 36 on 13 February, periods 20 and 21 on 20 February, and periods 32 and 33 on 2 March 2023.
- 10. The incidents were self-reported and did not cause any significant impact to the market. Further, Diamond Electric has taken remedial action to prevent recurrence.
- 11. The MSCP hereby issues a letter of non-compliance and directs Diamond Electric to pay costs fixed at \$2,000.



Professor Walter Woon
Chairman, Market Surveillance and Compliance Panel