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CEO's Message

The National Electricity Market of Singapore (NEMS) ended another year of robust trading in December 2010. The average annual Uniform Singapore Energy Price (USEP) closed lower than the Vesting Contract Hedge Price (VCHP), reversing the occurrence in 2009 when the USEP ended higher than the VCHP for the first time since the implementation of the VCHP. For more details, see the article on page 2.

2010 has been an eventful year for all of us at EMC. The year started with a Memorandum of Understanding between EMC and the Korean Power Exchange, which set out areas of closer co-operation between the two organisations. A new settlement system was implemented in February and our new website was launched in

May, both designed to better meet the needs of our stakeholders.

Our two annual flagship events in the second half of the year – the EMC Golf Day and the Singapore Electricity Roundtable – continued to be well-received by market participants (MPs) and other industry stakeholders, with the Roundtable attracting a record number of more than 200 participants this year. We rounded off the year by hosting two visiting delegations from Malaysia and the Philippines, an affirmation of the increasing interest in Singapore's electricity market in the region.

As we mark the end of another successful year, I would like to thank our MPs and all other stakeholders for their continued support for the NEMS. Looking ahead, we look forward to the

completion of phase II of our website in the first quarter of 2011. We will also be publishing the NEMS Market Report 2010 as well as the Market Surveillance and Compliance Panel Annual Report 2010 in the first quarter of the year. The reports will provide valuable insights into the market's performance in 2010.

On behalf of EMC, here's wishing all a happy and prosperous new year.

Dave Carlson
Chief Executive Officer

Re-appointment of Market Surveillance and Compliance Panel (MSCP) Members

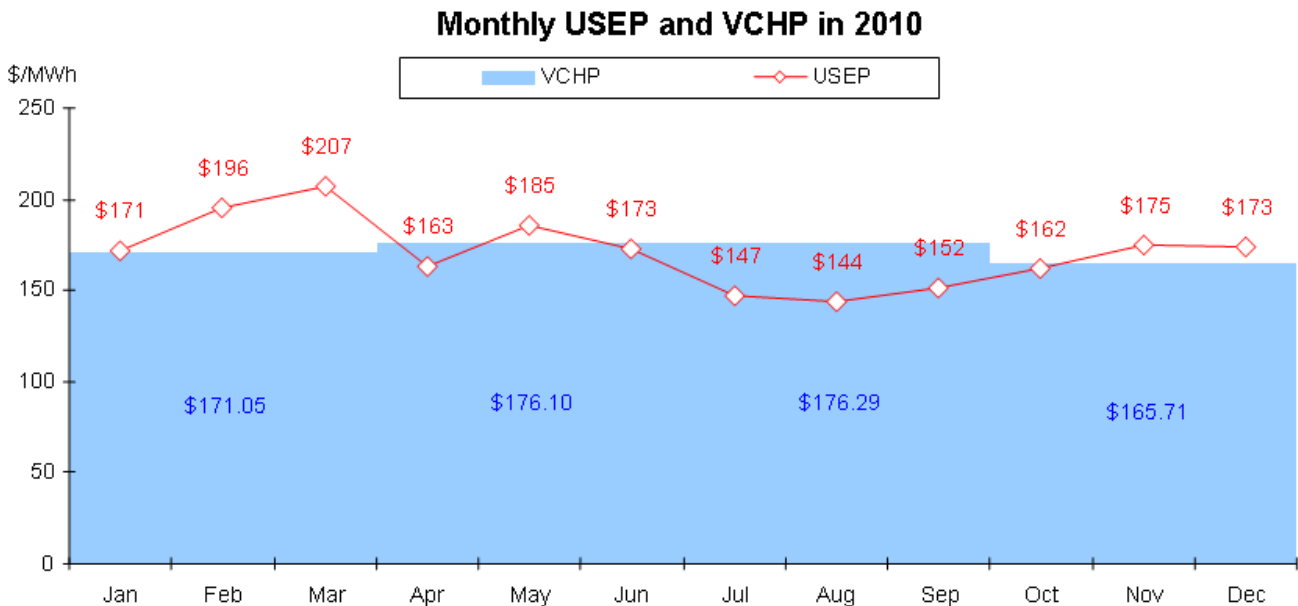
EMC is pleased to announce that the EMC Board has re-appointed Professor Lim Chin and Mr Lee Keh Sai to the MSCP. Both new terms will be for three years beginning 1 January 2011.

We would like to express our appreciation to Professor Lim and Mr Lee for continuing to devote their time and effort to support the functioning of the National Electricity Market of Singapore.



Market Update

USEP ended lower than VCHP for the year



The Vesting Contract Hedge Price (VCHP) was \$171.05/MWh in the first three months of the year, and then crept up slightly over \$176/MWh in the next six months, before easing to \$165.71/MWh for the rest of the year – the lowest level for 2010. The Uniform Singapore Energy Price (USEP) traded higher than the VCHP in the first three months and lower during the next seven months (except for May).

Year	2004	2005	2006	2007	2008	2009	2010
USEP	\$82	\$110	\$132	\$125	\$162	\$148	\$171
VCHP	\$97	\$111	\$145	\$136	\$190	\$146	\$172
Percentage difference of USEP versus VCHP	15.0%	1.0%	8.6%	8.2%	14.4%	-1.3%	1.0%

As a whole for the year, the VCHP averaged \$172/MWh which was slightly higher than the USEP which averaged \$171/MWh. This translated into a difference of one percent between the two prices for 2010, similar to the variance in 2005.



Rules Change Updates

Currently the Market Rules provide for the industry's feedback on the Power System Operator (PSO) budget to be given through the Rules Change Panel's (RCP) review of the proposed annual budget. The RCP provides its views on the budget to the PSO and the Energy Market Authority (EMA) for their consideration.

At the 49th RCP Meeting, the Panel supported several Market Rules changes related to the PSO budget. One was that the PSO publishes its proposed budget to the

public, given that consumers ultimately bear all fees in the NEMS. Interested parties can then provide their views on the PSO's proposed budget to the PSO and the EMA for their consideration. In addition, as the PSO fees are charged based on projected rather than actual expenditure, the Panel proposed that any over- or under-recovery of the fees be applied onto future years' fees. A further amendment was made for the PSO's proposed budget to cover five year periods and be published once every five years rather than annually.

New Rules Change Panel (RCP) Member Mr Sean Chan

In November 2010, Ms Annie Tan relinquished her position as the Retail Electricity licensee representative on the RCP. The EMC Board appointed Mr Sean Chan to take her place on the RCP, effective from 22 November 2010

to 31 December 2011. EMC would like to thank Ms Tan for her invaluable contributions to the RCP, and welcome Mr Chan on board.

User Forum

Market Information Sharing Forum (MISF)

In addition to covering the market performance for September and October, the MISF on 10 November provided updates on the system enhancement projects on Embedded Generation as well as Single Electronic Window. Our next MISF will be held on Wednesday, 12 January 2011. All MISF and Market Systems User Group delegates are encouraged to register online.

Market Systems User Group (MSUG)

The bi-monthly MSUG forum was held on 16 December 2010. Participants received updates on the NEMS systems availability and incidents. EMC covered in detail the latest updates to the Gross Bidding for Embedded Generator and Settlement Net Treatment scheme resulting from new enhancements to the NEMS systems. Furthermore, participants were briefed on the sunset schedule for older NEMS applications and given a progress report on other ongoing projects related to the NEMS systems.

The next MSUG is tentatively scheduled for Tuesday, 15 February 2011.



EMC Training Programme – Next Course on 24 and 25 February 2011

EMC will be holding the next run of its two-day course Understanding Electricity Markets on 24 and 25 February 2011. Our staff will be conducting six sessions covering the following topics:

- Understanding Electricity
- Overview of the Electricity Sector
- The National Electricity Market of Singapore and its Unique Features
- Pricing in Detail
- Settlement
- The Demand Side

The course dates for the rest of the year are as follows:

19 – 20 May 2011

11 – 12 August 2011

17 – 18 November 2011

We advise you to book early to secure your place in the course dates of your choice, and benefit from our early-bird discount.

Further details on the programme and on how to register are on our website, www.emcsg.com.

For enquiries, please e-mail trainingprogramme@emcsg.com or contact Jan Lee at +65 6779 3000.

Send us Comments, Feedback or Questions

The EMC Bulletin is written by EMC for you and we are always striving to improve our service. Therefore we are interested in any feedback you might have about specific articles and topics covered or comments and suggestions about other areas you would like to see included.

Please send your comments, feedback or any questions either via e-mail to info@emcsg.com or via fax to +65 6779 3030.

Thank you in advance for your time and effort.