

CEO's Message

As we step into the second half of the year, I am happy to share EMC's performance results for the financial year 1 April 2010 to 31 March 2011 (FY2010-2011) with you. We have continued to do well for the Performance Incentive Management System (PIMS), our measure of serving the market, exceeding our targets in all areas except one. I am particularly pleased that we scored perfect ratings for all three quantitative measures – a first time for us since the start of the market. This was the result of initiatives that were put in place to raise our service standards.

I would like to take this opportunity to convey my appreciation to the EMC team for their hard work, as well as thank our market participants (MPs) for their continued support. The details of our PIMS and financial performances can be found on page 2.

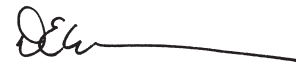
In May, EMC had the privilege of hosting a delegation from the Performance Management

& Delivery Unit (PEMANDU) of the Malaysian Prime Minister's Department. This was our first visit from a foreign delegation this year, and we look forward to more opportunities to share Singapore's experience in running Asia's first liberalised electricity market. Find out more about the visit on page 5.

We completed the user familiarisation training for all MPs on Phase II of our new trading website in June. MPs can now access the EMC corporate website, the National Electricity Market of Singapore trading website as well as the Offer Management System on a single platform. Read more about this on page 5.

In terms of market performance, the Uniform Singapore Energy Price (USEP) continued to stay above the \$200/MWh mark in May and June, generally moving in tandem with demand and oil price. The USEP has also traded above the Vesting Contract Hedge Price since March of this year. See page 4 for more details.

The second half of 2011 will be a busy one for us. The EMC Golf Day will be held on 18 August at the Sentosa Golf Club, and we are looking forward to the opportunity to host our guests at this annual get-together. The highly anticipated Singapore Electricity Roundtable will take place on 1 and 2 November at Suntec Singapore. Mark the Roundtable dates on your calendar, and don't miss the opportunity to gain insights and updates on the electricity and energy sectors from experts from around the world. More details on the Roundtable can be found in the article below.



Dave Carlson
Chief Executive Officer

Save the Date – Singapore Electricity Roundtable 2011



EMC is proud to present its annual flagship event, the Singapore Electricity Roundtable, on 1 and 2 of November this year at Suntec Singapore International Convention and Exhibition Centre. This will be the seventh year

that EMC has hosted the Roundtable, which will again be one of the key highlights of the Singapore International Energy Week (SIEW).

The Roundtable is an important forum for the discussion of issues and challenges facing the electricity and energy sectors. It brings together influencers, decision makers, potential investors and experts in these sectors from the region and around the world. Last year, more

than 200 participants from Singapore, Asia Pacific, Europe and the US attended the event.

This year's Roundtable will offer perspectives from different stakeholders – from regulators, market operators to market participants. Topics will include the role of Authorities in the development of a competitive market, benefits of integrating gas and electricity markets, challenges faced by nuclear power, an update on European markets, as well as demand response in electricity markets.

The distinguished speakers for this year's Roundtable include:

- Carl Hansen, Chief Executive, Electricity Authority, New Zealand
- Dr Selena Ng, Regional Director, South-East Asia & Oceania, AREVA

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- Kjell Asserlind, Head of Global Commodity Solutions, Market Technology, NASDAQ OMX
- Dallon Kay, Managing Director, Diamond Energy Group
- Representative from Australian Energy Market Operator Ltd

Besides the presentations by these speakers, another highlight of the Roundtable is the panel discussion. This year's panel will deliberate on

the next steps for the NEMS; specifically, the benefits and challenges of further increasing competition in the NEMS.

So mark the dates of the Roundtable in your calendar. Don't miss the opportunity to gain insight into the electricity industry, learn about the issues and challenges facing the energy and electricity sectors, and network with local, regional and global industry experts and decision makers.

Good Performance Results for FY2010-2011

EMC's Performance Against Targets

EMC has performed well against the targets of the Performance Incentive Management System (PIMS). For the financial year 1 April 2010 to 31 March 2011 (FY2010-2011), EMC exceeded targets in all areas except one. The PIMS bonus for the year totalled \$483.0K compared to \$481.8K in the previous year.

Dave Carlson, CEO of EMC, commented that EMC will continue to strive to provide a high standard of service to the market. EMC is committed to further improving our performance, especially in the areas highlighted in the recent industry survey.

EMC's auditors, Ernst & Young, surveyed market participants (MPs) between March and April 2011 on three qualitative measures and collated the results of their responses. EMC maintained its perfect

scoring for the "market assessment" function (as assessed by the Market Surveillance and Compliance Panel members), and continued to improve in the "rule changes" rating. The rating for "customer responsiveness" declined slightly against last year although it still exceeded the company's target. EMC will look into the areas that can be further improved.

In the quantitative areas, EMC scored perfect ratings for all three measures. The improved rating for "system availability" was a result of several initiatives put in place to raise the service standards.

As the NEMS is seeing an increase in the number of MPs who also have higher demands and expectations, EMC's role is evolving to meet the needs of the changing market. EMC is committed to improving our performance in all areas to keep pace with our maturing market.

Targets and Performance	FY2009-2010		FY2010-2011	
	Approved target	Actual performance	Approved target	Actual performance
Quantitative Measures:				
System availability	99.90%	99.99%	99.90%	100.00%
Pricing accuracy	99.70%	100.00%	99.70%	100.00%
Settlement accuracy	99.90%	100.00%	99.90%	100.00%
Qualitative Measures (satisfaction rating):				
Customer responsiveness	85.00%	96.97%	85.00 %	90.91%
Market assessment	85.00%	100.00%	90.00 %	100.00%
Rule changes	85.00%	75.31%	85.00 %	83.91%

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EMC's Financial Performance

EMC's operational expenses in FY2010-2011 increased by \$1.1m against FY2009-2010, mainly due to increases in depreciation by \$0.8m, and audit, legal and professional fees by \$0.2m. The increase in depreciation resulted largely from the launch of two large sum projects - Single Electronic Window and Settlement Revamp system – during the

year. The increase in audit, legal and professional fees was mainly due to more external legal advice required for rule changes and some additional IT application consultancy. EMC will continue to look for more efficient and cost-effective ways to deliver high service standards and world-class market operations to our stakeholders.

	FY2009-2010	FY2010-2011
	Actual (\$m)	Actual (\$m)
Administration fees	27.93	28.23
PIMS bonus	0.48	0.48
Revenue from rendering services	28.41	28.71
Other Revenue	0.35	0.30
Total Revenue	28.76	29.01
Manpower costs	7.24	7.40
Amortisation and depreciation	5.99	6.82
Market operator license	2.26	2.26
IT Services	3.44	3.40
Operating Leases & Utilities	1.85	1.94
Audit, legal and professional fees	0.56	0.73
Others	2.26	2.19
Total costs	23.60	24.74
Profit before tax	5.16	4.27
Net EMC fees (\$ per MWh)	0.354 ¹	0.337 ¹

1. Based on actual quantities of 40,145GWh and 42,573GWh for FY2009-2010 and FY2010-2011 respectively.

Revenue Adjustments

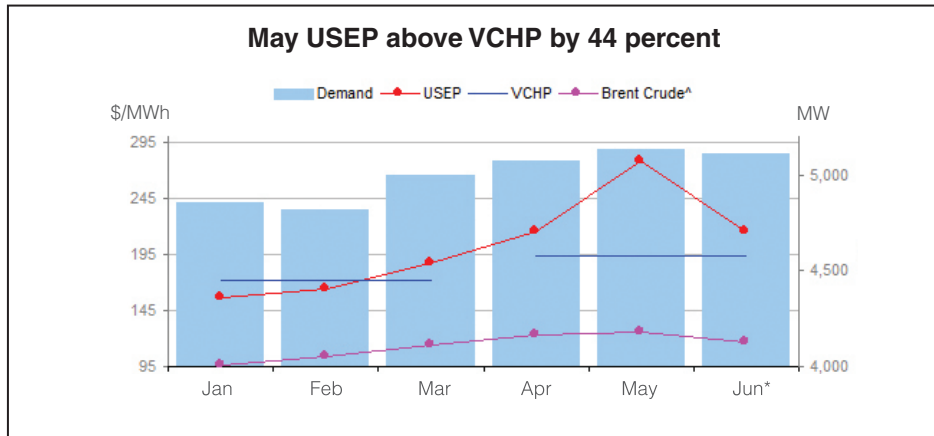
Following the audited financial results for FY2010-2011 approved by the Board, EMC is effecting revenue adjustments totalling \$208,912.69 to the administrative fee charges, to be spread equally and refunded to the market from September 2011 to March 2012. The revenue adjustments are as follows:

FY2010-2011 Audited Refund/(Recovery)	\$
Depreciation Adjustment	\$ 567,238.96
Exogenous Items	\$ 106,701.88
NEMS accounts (OCBC) Interest	\$ 26,022.60
Less: EMA Vesting Contract project	\$ (8,043.09)
Less: PIMS Bonus	\$ (483,007.66)
	\$ 208,912.69

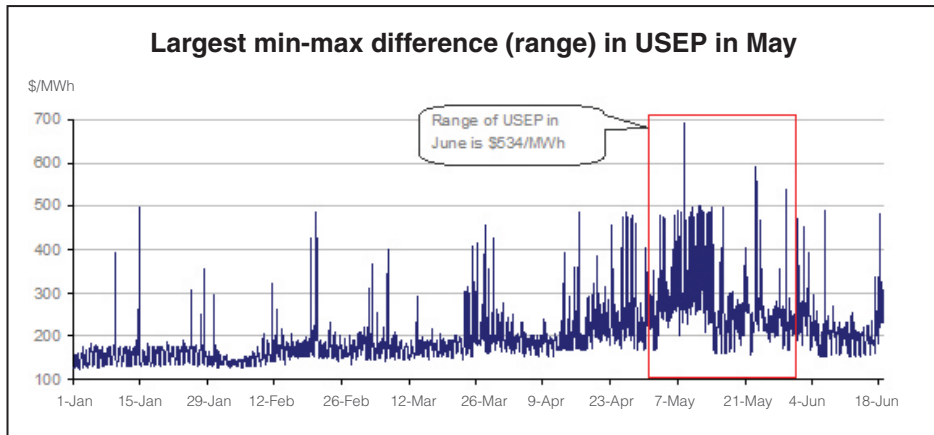


Market Update

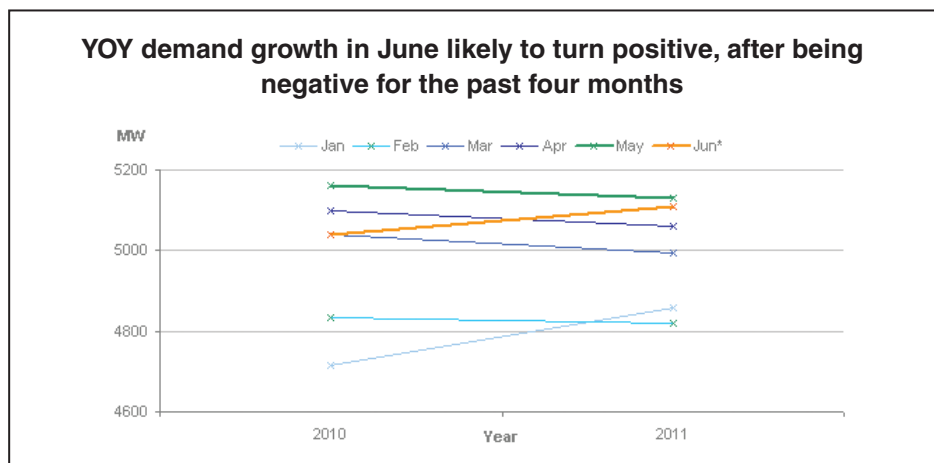
The Uniform Singapore Energy Price (USEP) traded at \$278.59/MWh in May and \$215.28/MWh in June*. On a month-on-month comparison, USEP moved along with demand, oil price (Brent crude^a) and offer changes. From March through June, the USEP traded above the Vesting Contract Hedge Price (VCHP). In May, the USEP surpassed the Q2 VCHP of \$193.11/MWh by 44 percent. On average, USEP was still above VCHP in June*, but by just 11 percent.



Notably, the range between minimum and maximum USEP was particularly wide in May, reflecting a greater variability within that month.



Following the trend from January to March, the year-on-year (YOY) demand growth for May was negative. To date, the YOY demand growth in June seems likely to turn positive.



*Data for June is until 18 Jun 2011 for demand and USEP, and until 13 Jun 2011 for Brent Crude^a.

^Source for Brent Crude is from the U.S. Energy Information Administration.



Single Electronic Window (SEW) Phase II Successfully Rolled Out to Market Participants (MPs)

In 2010, EMC embarked on the SEW project, with the aim of providing a robust, one-stop electronic platform to MPs by migrating the EMC corporate website, National Electricity Market of Singapore (NEMS) trading website and Offer Management System (OMS) to a single platform. The SEW also aimed to enhance user experience, facilitate interactive information exchange between MPs and the NEMS, and improve work productivity by leveraging new technologies.

Following the Phase I (corporate website) launch on 26 May 2010, Phase II of SEW was successfully released to MPs on 8 June 2011 after a series of training sessions.

All the new features have been well received by the MPs. They can now access the NEMS trading website and OMS with a single log in via www.emcsg.com, allowing them to perform transactions as long as they have internet access, a user name, a password and a token. Other enhancements include a filter, downloading function, as well as a sort and freeze pane to help MPs access and retrieve data easily for reporting and analysis.

Phase II SEW also comes with an interactive dashboard which allows MPs to personalise their information needs from a library of graphical and tabular information.

Delegate Visit



Dr Emir Mavani (fifth from right) with Pemandu officials and representatives from EMC, YTL and PowerSeraya.

On 27 May, EMC hosted a delegation from the Performance Management & Delivery Unit (PEMANDU) of the Malaysian Prime Minister's Department.

The five officials from Pemandu were here to gain a deeper understanding of the National Electricity Market of Singapore (NEMS), Asia's first liberalised electricity market, as well as the setup and role of EMC in the market. It was a very interactive session, with EMC CEO Dave Carlson fielding many questions and sharing Singapore's experience and learning points with the visiting delegation.

PEMANDU was set up in 2009 to oversee the implementation and assess the progress of Malaysia's Economic Transformation Programme and Government Transformation Programme. Led by Dr Emir Mavani, Director of National Key Economic Areas of Oil, Gas and Energy as well as Financial Services, the team from PEMANDU were accompanied by Kathleen Chew, Group Legal Advisor of YTL Corporation Berhad, Joseph Tan, Director, Projects of YTL Power International Berhad, and John Ng, Chief Executive Officer of PowerSeraya Ltd.

Green Power Asia registered as Generation Settlement Facility (GSF)

Green Power Asia registered an embedded generator as GSF on 31 May 2011. EMA has granted price neutralisation for this gas turbine generator.

As of 31 May 2011, the total amount of installed capacity from the embedded generators in the National Electricity Market of Singapore is 106.86MW, or 1.05 percent of the market.



User Forum

Market Information Sharing Forum (MISF)

The MISF held on 11 May 2011 covered the market performance for the National Electricity Market of Singapore (NEMS) in March and April, with additional focus on the rising Uniform Singapore Energy Price see in these two months.

The next MISF will be held on Wednesday, 13 July 2011. All MISF and Market Systems User Group delegates are encouraged to register online.

Market Systems User Group (MSUG) Update

The bi-monthly MSUG forum was held on 23 June 2011.

Participants were briefed on the migration plan for the Offer Management System and Webservices/Market Participant-Automated Programming Interface to the Single Electronic Window (SEW) platform that uses the Oracle authentication framework. This was in addition to the bi-monthly updates on the NEMS systems availability and incidents, latest progress status of the SEW, Gross Bidding for Embedded Generator, Settlement Net Treatment and the sunset schedule for older NEMS applications.

The next MSUG is tentatively scheduled for Thursday, 25 August 2011.

EMC Training Programme – Next Course on 11 and 12 August 2011

EMC will be holding the next run of its two-day course *Understanding Electricity Markets* on 11 and 12 August 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 date for the rest of the year is as follows:

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 questions via e-mail to info@emcsg.com or via fax to +65 6779 3030.

Thank you in advance for your time and effort.

