



professional transparent cost-effective people ideas integrity commitment teamwork

### CEO's Message

Given the continued rise in fuel costs and stronger demand compared to the same period last year, it is not surprising to see that the Uniform Singapore Energy Price (USEP) has risen for the first half of 2008. However, the ancillary market has bucked this trend and ancillary prices have fallen. For more details on the market performance, please read the article on page 5.

This has been a busy time for EMC. Visits by two foreign delegations, one from China and one from Vietnam, underscore the position of the National Electricity Market of Singapore (NEMS) as a leading electricity market in Asia and one from which others are eager to learn. The first delegation, from Shandong Electric Power, was here to study the NEMS and our

industry model. The second, management executives from a subsidiary of Electricity of Vietnam (EVN), was interested in the operational aspects and market performance of the NEMS over the past two years. EMC had conducted a customised training programme for EVN in June 2006 and another delegation had visited EMC in June 2005, so the group from EVN was keen to observe market performance of the NEMS over time.

The new NEMS Offer Management System market trial started on 17 June and will continue for about one month. Users were updated on the latest developments on the system trial during the last Market Systems User Group (MSUG) meeting.

Finally, I am very pleased to draw your attention to the excellent performance results that EMC

achieved for FY2007-2008, outlined in the article below. My special thanks go to all EMC staff for their dedication and commitment, and to our market participants (MP) for their continued support of EMC. We will continue to look for ways to keep pace with the growing demands of our maturing market while ensuring that EMC is run efficiently and effectively. We are committed to evolving the NEMS in close partnership with our customers, and in providing Singapore with a world-class market operation.

Dave Carlson  
Chief Executive Officer

### Excellent Performance Results for FY2007- 2008

EMC has continued to perform highly against the targets of the Performance Incentive Management System (PIMS). For the financial year 1 April 2007 to 31 March 2008 (FY2007-2008), EMC exceeded targets in all areas but one.

Dave Carlson, CEO of EMC, commented that in the new financial year 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 in March 2008 on three qualitative measures and collated the results of their responses. The PIMS bonus for the year totalled \$381.3K compared to \$448.6K last year.

In the quantitative areas, EMC had exceeded the targets for all three measures. Settlement accuracy scored a perfect rating while IT system availability improved its rating over the previous year. The improved ratings were a result of several initiatives put in place to raise the standard of service. Pricing accuracy, however, had dipped slightly against last year, caused by one incident in December 2008.

EMC has already acted to rectify the problem.

In the qualitative areas, EMC maintained its perfect scoring for the Market Assessment function (as assessed by panel members) and improved in the Rule Change function. Customer Responsiveness ratings had also exceeded the target; however, against last year the ratings had dropped.

As the NEMS becomes increasingly challenging in its demands and expectations, EMC's role evolves to serve the changing market. EMC is committed to improving our performance in all areas to keep pace with our maturing market.

(continued on page 2)



(continued from page 1)

## EMC's Performance Against Targets

Targets and Performance (%)	FY 2006-2007			FY2007-2008		
	Approved target	Actual performance	Score (Points)	Approved target	Actual performance	Score (Points)
<b>Quantitative Measure:</b>						
System availability	99.85 %	<b>99.96 %</b>	<b>18.33</b>	99.90 %	<b>99.98 %</b>	<b>20.00</b>
Pricing accuracy	99.70 %	<b>100.00 %</b>	<b>25.00</b>	99.70 %	<b>99.97 %</b>	<b>22.50</b>
Settlement accuracy	99.90 %	<b>99.90 %</b>	<b>22.50</b>	99.90 %	<b>100.00 %</b>	<b>25.00</b>
<b>Qualitative Measure (satisfaction rating):</b>						
Customer responsiveness	80.00 %	<b>100.00 %</b>	<b>15.00</b>	85.00 %	<b>85.71 %</b>	<b>0.71</b>
Market assessment	80.00 %	<b>100.00 %</b>	<b>5.00</b>	85.00 %	<b>100.00 %</b>	<b>5.00</b>
Rule changes	80.00 %	<b>50.00 %</b>	<b>(5.00)</b>	85.00 %	<b>69.57 %</b>	<b>(5.00)</b>
<b>Total points</b>			<b>80.83</b>			<b>68.21</b>

EMC is presently working with the EMA to set the targets for our new financial year which commenced 1 April 2008.

## EMC's Financial Performance

	FY2006-2007	FY2007-2008	
	Actual (\$m)	Budget (\$m)	Actual (\$m)
Administration fees	27.49	27.82	27.61
PIMS bonus	0.45	0.38	0.38
<b>Revenue from rendering services</b>	<b>27.94</b>	<b>28.20</b>	<b>27.99</b>
Manpower costs	7.07	7.13	7.66
Amortisation and depreciation	4.38	5.54	5.10
Market operator licence	2.32	2.41	2.26
IT services	3.76	3.96	3.30
Rental leases	0.93	1.36	1.82
Audit, legal and professional fees	0.85	1.00	0.78
Others	1.79	3.27	2.30
<b>Total costs</b>	<b>21.10</b>	<b>24.68</b>	<b>23.22</b>
Profit before tax	7.08	4.26	4.93
Net EMC fee (\$ per MWh)	0.376	0.374	0.362

EMC's operational expenses were below the FY2007-2008 budget by \$1.46M, but higher than FY2006-2007 by \$2.1M. The rise in operating expenses against the previous year was mainly a result of:

1. The relocation of offices from Republic Plaza to Novena Square.
2. Additional property tax and utility charges.
3. An incorrect accrual of performance bonuses in FY2006-2007 being carried into FY2007-2008.
4. Higher depreciation arising from new capital projects implemented in FY2006-2007.

Despite the higher expenses, EMC exercised fiscal responsibility, concluding the financial year under budget.

## Revenue Adjustments

Following the audited financial results for FY2007-2008, EMC will make adjustments totalling \$108,323 in variations to its EMA approved administrative fee charges. These charges will be spread equally from July 2008 to March 2009. The revenue adjustments are comprise of the following:

FY07/08 audited charges/ (refund):	\$S
Panel costs	(336,014)
NEM's bank account interest	(136,280)
PIMS bonus	381,278
Multi-Year Adjustments	69,659
Exogenous Items	129,680
	<b>108,323</b>

EMC will continue to look for ways to become even more efficient and cost effective in our operations without jeopardizing the high service standards and world-class market operation we strive to provide to our stakeholders.



## Chinese and Vietnamese Delegations Visit

EMC was delighted to host two delegations from Asia in June – the first a delegation from Shandong Electric Power School and the second a delegation from the Electric Power Trading Company, a subsidiary of Electricity of Vietnam (EVN).

A 16-member delegation from the Shandong Electric Power School visited on 4 June. The group, comprised of the school's president, principal and lecturers, was in Singapore on a technical visit to learn more about the electricity market. The trip was facilitated by the Rotary Club of Singapore.

EMC's Senior Economist Poa Tiong Siaw presented an overview of the NEMS, covering aspects of market reform, industry and market structure and the market's performance since opening. A lively Q & A followed, in which many of the delegation's questions centered on contestable and non-contestable consumers, the price-finding mechanism and the market structure.

The delegation of eight from EVN visited EMC on 20 June. This visit was facilitated by SembCorp Industries and the group was here to learn more about Singapore's electricity market experience and how the market had matured over the past five years. This was not the first contact EMC had with EVN, as EMC already hosted a delegation in June 2005 and even conducted a customised two-day training programme in June 2006 in Hanoi for EVN.

Mr Poa again presented the overview of the NEMS; during the Q & A the group's questions focused mainly on the market structure and the efficiency of the NEMS.

In addition to these two delegations, EMC has given presentations to several interested visiting parties in the past year, all here to learn more details on how the Singapore market functions and performs.



Delegation from China with EMC staff



Delegation from Vietnam with EMC staff



EMC staff explaining to our visitors from Shandong the daily trading prices that are displayed in real time at EMC's office lobby



EMC Senior Vice President (Market Administration), Mr Paul Poh explaining market data to the Vietnamese delegates



## User Forum

### Market Information Sharing Forum (MISF)

25 participants attended our bi-monthly MISF, held 21 May at our new office. In addition to the market performance update for the last two months, participants were briefed on the market projects likely to be undertaken for this FY2008-2009. Forum participants were also updated on two enhancements requested by market players: the first is the provision of metered quantities, which has now been included in both the weekly and monthly trading reports; the second is that market participants will receive notification whenever the Annual Generation Overhaul Program (AGOP) is updated.

As part of our ongoing efforts to share ideas and information with industry players, we also showcased an educational video on how countries such as Germany have provided substantial incentives for energy customers to use solar energy. This video also discussed solar energy technology and recent innovations to make it more efficient for mass production and commercial usage.

The next MISF meeting is scheduled for Wednesday, 16 July.

### Market Systems User Group (MSUG) Update

The 19 June MSUG forum had a good turnout. In addition to the regular updates on the NEMS systems performance, attendees learned the latest developments of the new NEMS Offer Management System market trial.

The NEMS Offer Management System market trial started on 17 June and will continue for about one month. During the trial, market participants will have the opportunity to familiarise themselves with the features and functions of the new Offer Management System before the system is commissioned.

The next MSUG meeting is scheduled for Thursday, 14 August.

## EMC Training Programme – Next Course on 21 and 22 August

EMC will be holding its two-day training course *Understanding Electricity Markets* on 21 and 22 August. Our staff will be conducting six sessions covering the following topics:

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

Further course is scheduled for:

**20-21 November 2008**

We advise you to book early to secure your place in the course 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](http://www.emcsg.com). For enquiries, please e-mail [trainingprogramme@emcsg.com](mailto:trainingprogramme@emcsg.com) or contact Jan Lee at +65 6779 3000.

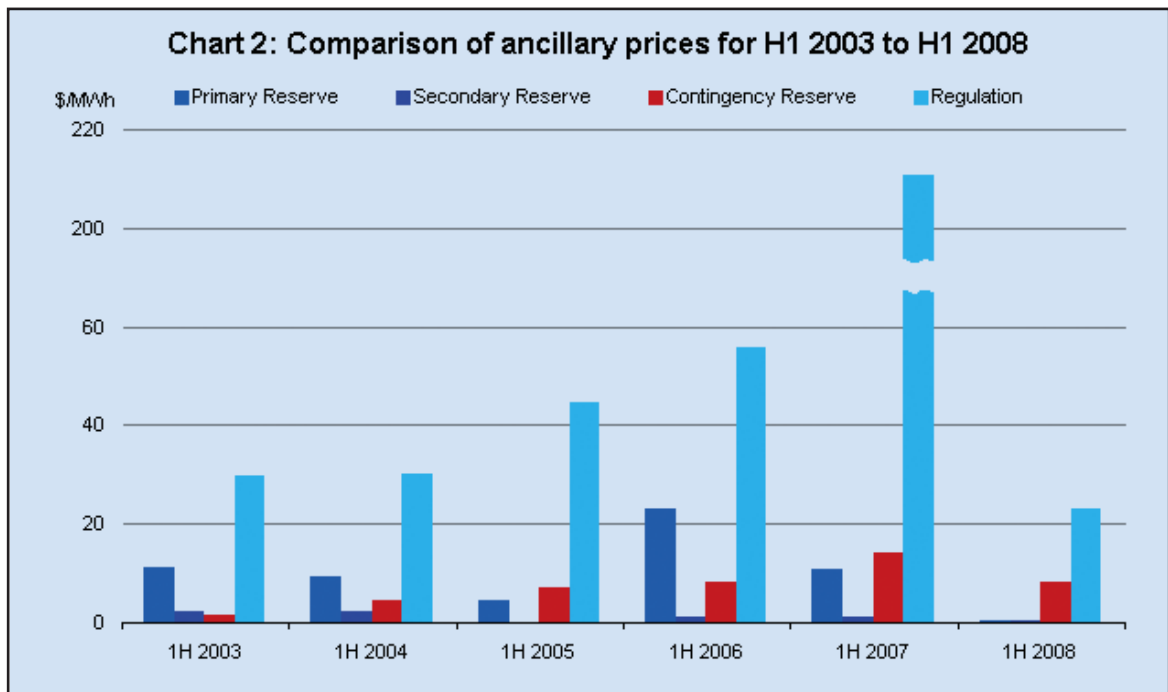
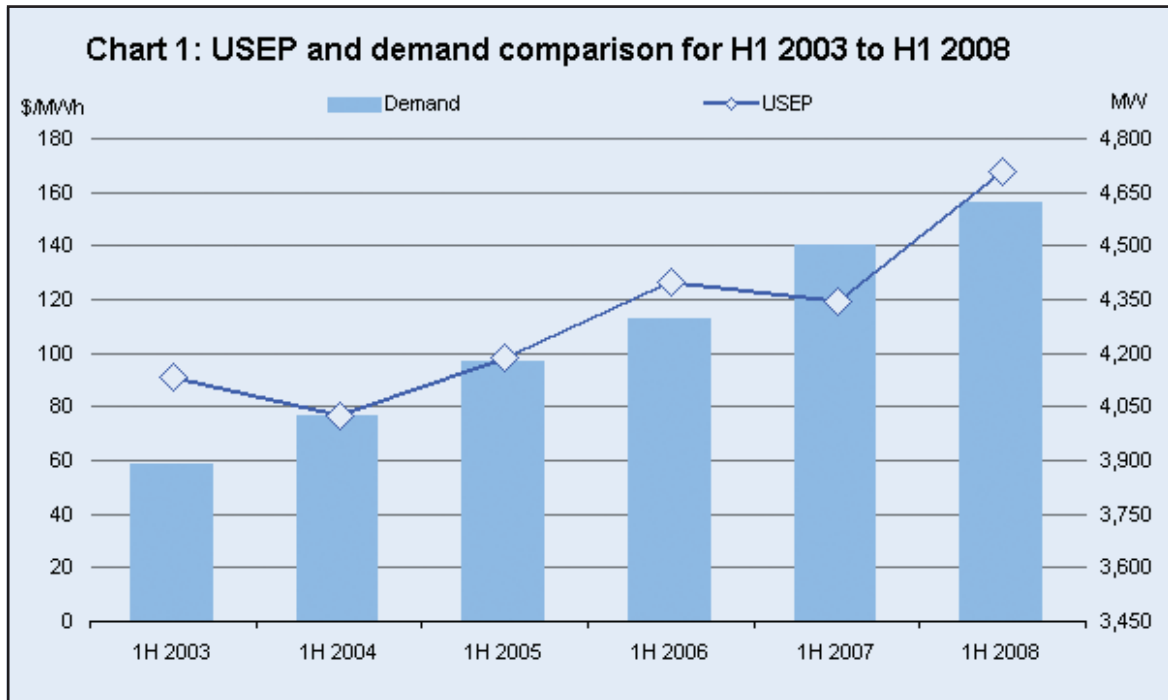


## Market Update For First Half of 2008

### First half of 2008 sees both the USEP and demand climbing but ancillary prices falling

The USEP jumped 41 percent to \$168/MWh in the first half of 2008 (based on data to 16 June) as compared to the same period last year, as Chart 1 shows. A variety of factors contributed to the upward price pressure, including rising fuel costs and continually growing demand, which rose by 2.6 percent to 4,620MW in the first half of 2008 compared

to the same period last year. On the other hand, as Chart 2 shows, the ancillary prices eased across the board in the first half of 2008 with the primary and secondary reserve prices averaging below \$0.50/MWh, while contingency reserve settled at \$8/MWh. The regulation price ended at its lowest level since 2003 at \$23/MWh.



Note: The data for H1 2008 is to 16 June 2008.



## Save the Date – Singapore Electricity Roundtable 2008



**Wednesday afternoon, 5 November 2008**  
**Thursday morning, 6 November 2008**  
**Raffles City Convention Centre**

EMC is pleased to host the fourth Singapore Electricity Roundtable on 5 and 6 November 2008. This year's event will form part of Singapore's inaugural International Energy Week, organized by the Energy Market Authority (EMA) and the Energy Studies Institute (ESI).

The Roundtable is dedicated to connecting influencers, decision makers, potential investors and experts in the electricity and related industries. Senior executives and decision makers will debate the opportunities, challenges and issues of key importance to the industry in Asia Pacific and globally.

As in past years, we have invited several distinguished speakers to

discuss timely topics relevant to electricity and gas markets and to provide an update on the National Electricity Market of Singapore (NEMS). This year's panel discussion will address ways that electricity generation can remain competitive in the context of high international oil prices.

Last year's event attracted almost 200 participants from Singapore, other countries in Asia Pacific, South Africa, Europe and the US. Participants included company presidents, CEOs, managing directors and key figures from the electricity and energy industries, financial institutions, law firms and consultancies as well as our NEMS.

Mark your calendar so that you don't miss this high-profile event dedicated to the electricity industry. More information on the Roundtable will soon be available on our website: [www.emcsg.com](http://www.emcsg.com), and all *EMC Bulletin* recipients will receive full details shortly.

For more information on the International Energy Week, please visit [www.iew.com.sg](http://www.iew.com.sg).

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## Corporate Website Enhancements

We have enhanced our corporate website to make it both more user-friendly and more secure. The new features include "EMC Updates" to keep you better informed and a new login policy to keep information safer.

All registered users now have the option after login to go to "EMC Updates" to subscribe to one or more areas of the website. When your selected pages are updated or when new pages are published on the website, you will receive an e-mail notifying you of the change and a link to that page on the website. In this way, you can stay on top of new developments. Users can add or remove subscriptions at any time.

All registered users are now required to use their e-mail address for login. To ensure secure login, we have also tightened the password policy; existing users were informed of the change prior to implementation.

If you do not yet have a login, just go to the EMC website at [www.emcsg.com](http://www.emcsg.com), click "Create a new login" and follow the steps.

The EMC website also uses secure pages (browser addresses that start with 'https://' rather than 'http://') for all pages and content in which a password is required for access. This allows pages to be accessed more securely.

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## 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](mailto:info@emcsg.com) or via fax to +65 6779 3030.

Thank you in advance for your time and effort.

