

## Notice of Market Rules Modification

**Paper No.:** EMC/RCP/29/2006/262  
**Rule reference:** Chapter 3, Section 2.3.3  
**Proposer:** Market Administration, EMC  
**Date received by EMC:** 25 September 2006  
**Category allocated:** 1  
**Status:** Approved by EMA  
**Effective Date:** 19 December 2006

### Summary of proposed rule modification:

This proposal is to extend the time period of a current exemption which allows a market participant (MP), or market support services licensee (MSSL), and its affiliates to be concurrently represented on the RCP.

**Date considered by Rules Change Panel:** 14 November 2006  
**Date considered by EMC Board:** 29 November 2006  
**Date considered by Energy Market Authority:** 8 December 2006

### Proposed rule modification:

See attached paper.

### Reasons for rejection/referral back to Rules Change Panel (if applicable):

PAPER NO. : **EMC/BD/06/2006/06(b)**

RCP PAPER NO. : **EMC/RCP/29/2006/262**

SUBJECT : **COMPOSITION OF RULES CHANGE PANEL**

FOR : **DECISION**

PREPARED BY : **TEO WEE GUAN  
SENIOR ECONOMIST**

VETTED BY : **PAUL POH LEE KONG  
SVP, MARKET ADMINISTRATION**

DATE OF MEETING : **29 NOVEMBER 2006**

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### **Executive Summary**

Currently, the Market Rules make exemptions for the Market participants/ MSSs and their affiliates such that they can be concurrently represented on the RCP. It is intended in the Market Rules that the composition of the RCP should result in fair representation and no conflict of interests. In reality, this is feasible only in a privatized electricity industry where ownership is not concentrated. Since the sale of Senoko Power, PowerSeraya and Tuas Power has not been announced, it has become necessary to extend the exemptions to these gencos and their affiliates so that they can be concurrently represented on the RCP.

The current exemption period ends on 31 December 2006. This proposal seeks to extend the exemption period for one more year, i.e. until end of 31 December 2007. The RCP recommends that the EMC Board adopts this proposal.

## **1. Introduction**

This proposal is to extend the time period of a current exemption which allows a market participant (MP), or market support services licensee (MSSL), and its affiliates to be concurrently be represented on the RCP.

## **2. Background**

Section 2.3, Chapter 3 of the Market Rules governs the composition of RCP and qualifications of RCP members. One of the requirements stipulated under that section (section 2.3.4) is that 'no market participant or market support services licensee may, alone or in combination of its affiliates, have more than one director, officer, employee or agent who is a member of the rules change panel'..

The implication of section 2.3.4 is that a MP (or a MSSL) and its affiliates cannot concurrently be represented in the RCP.

## **3. Analysis**

It is intended in the Market Rules that the composition of RCP results in fair representation and no conflict of interests. However, this is feasible only in a privatized electricity industry where ownership is not concentrated. Clearly, this is not feasible in our context where we currently still have many state-owned electricity companies under Temasek Holdings.

Since the sale of these electricity companies (e.g. Senoko Power, Power Seraya, and Tuas Power) have yet to be announced, section 2.3.3 of Chapter 3 gives an exemption so that these electricity companies and their affiliates can concurrently be represented in the RCP.

The current exemption is valid only until 31 December 2006 (i.e. four years from the market commencement date). It is thus proposed that the exemption period be extended for one more year, i.e. until end of 31 December 2007.

## **4. Conclusion**

Until such a time where ownership structure of electricity companies in Singapore becomes less concentrated, an extension of the exemption period is necessary to allow a MP (or a MSSL) and its affiliates to be concurrently represented in the RCP.

## **5. Consultation**

We have published the rule modification proposal on the EMC website for comments. No comments have been received for consideration.

## **6. Legal sign off**

Text of the rule modification has been vetted by EMC's legal counsel to reflect the intent of the rule modification proposal.

## 7. Recommendations

The RCP recommends that the EMC Board:

- a. **adopt** the rule modification proposal to amend Section 2.3.3 of Chapter 3 of the Market Rules as set out in the **Annex 1**;
- b. **seek** the Authority's approval for the rule modification proposal; and
- b. **recommend** that the rule modification proposal come into force **one business day** after the date on which the approval of the Authority is published by the EMC.

## ANNEX 1: PROPOSED MODIFICATIONS TO MARKET RULES

Existing Rules (Release 1 July 2005)	Proposed Rules (Deletions represented by strikethrough text and addition underlined)	Reason for Modification
<p><b>Chapter 3, Section 2.3.3</b></p> <p>Prior to 01 Jan 2007,</p> <p>(i) <i>a market participant</i>; or</p> <p>(ii) <i>a market support services licensee</i></p> <p>may have its director, officer, employee or agent appointed as a member of the <i>rules change panel</i> as a representative of the relevant class of <i>market participant</i> or <i>market support services licensee</i> notwithstanding sections 2.3.2 and 2.3.4, if such <i>market participant</i> or <i>market support services licensee</i> is an <i>affiliate</i> of Temasek Holdings (Private) Limited.</p>	<p><b>Chapter 3, Section 2.3.3</b></p> <p>Prior to 01 <u>January 2007</u> <u>2008</u>,</p> <p>(i) <i>a market participant</i>; or</p> <p>(ii) <i>a market support services licensee</i></p> <p>may have its director, officer, employee or agent appointed as a member of the <i>rules change panel</i> as a representative of the relevant class of <i>market participant</i> or <i>market support services licensee</i> notwithstanding sections 2.3.2 and 2.3.4, if such <i>market participant</i> or <i>market support services licensee</i> is an <i>affiliate</i> of Temasek Holdings (Private) Limited.</p>	<p>An extension of the exemption is required to allow a market participant (or a market support services licensee) and its affiliates to be concurrently be represented on the RCP</p>