

**REPORT OF THE RULES CHANGE  
PANEL**

**ON**

**EMC's**

**PROPOSED EXPENDITURE AND REVENUE  
&  
SCHEDULE OF FEES**

**FOR**

**THE FISCAL YEAR  
1 APRIL 2008 TO 31 MARCH 2009  
(FY2008/2009)**

**Dated 11 January 2008**

## Contents

	Page
Cover letter	3
Introduction	4
EMC and RCP's Obligations	4
Attendees of the meeting of the Rules Change Panel	5
Budget and Fees for FY2008/09	6
Submissions by interested parties	
The Panel's comments	
Conclusion	6
Appendix 1          Summary of Budget and Fees	7
Appendix 2          EMC indicative service fees	8
Appendix 3          The RCP paper on the Budget and Fees for FY2008/09	

11 January 2008

The EMC Board of Directors  
9 Raffles Place  
#22-01 Republic Plaza  
Singapore 048619

Dear Sirs,

**THE RULES CHANGE PANEL'S REPORT ON EMC'S BUDGET AND FEES FOR  
FY2008/09**

The Rules Change Panel met on 8 January 2008 to review and comment on EMC's Budget and Fees for FY2008/09 and to consider submissions by interested persons on the above, if any.

The review of the Budget and Fees was performed in accordance with the requirements of Chapter 2, Section 10.1.3 of the NEMS Market Rules.

No submissions were received from interested persons prior to the RCP's meeting on 8 January 2008.

In accordance with the requirements of the NEMS Market Rules (Chapter 2, Section 10.1.4 and 10.1.5) the RCP now submits its report to the EMC Board for it to consider in finalising EMC's Budget and Fees for FY2008/09 before submitting the same to the EMA for approval.

We also approve the submission of this report to the EMA and for EMC to publish it.

Yours sincerely,

David E Carlson  
Chairman,  
Rules Change Panel

## Introduction

On 21 December 2007, EMC

- submitted its Budget and Fees for FY2008/09 to the Rules Change Panel for its review; and
- published the Budget and Fees for FY2008/09 on the EMC public website inviting interested persons to make submissions to the RCP.

No comments were received from interested persons.

In its meeting on 8 January 2008, the RCP considered EMC's submission of its Budget and Fees for FY2008/09.

## EMC's Obligations

### Budget and Fees

Chapter 2 Section 10.1.1 of the Market Rules requires that EMC shall, within 100 days prior to the beginning of each fiscal year:

- submit to the RCP for review its proposed expenditure and revenue requirements for, and a schedule of fees that it proposed to charge ("Budget and Fees") during, the fiscal year 1 April 2008 to 31 March 2009 ("FY2008/09")  
Chap 2, section 10.1.1.1
- Publish notice of its Budget and Fees for FY2008/09 inviting interested persons to make submissions on these to the RCP.  
Chap 2, section 10.1.1.2

## RCP's Obligations

Under Chapter 2 Section 10.1.3 of the Market Rules,

"The RCP shall review the EMC's Budget and Fees:

- 10.1.3.1 using such procedures;
- 10.1.3.2.1 in consultation with such persons; and
- 10.1.3.3 by means of such meeting

as it considers appropriate."

Following the conclusion of the review mentioned above, the RCP is then required under Chapter 2 Section 10.1.4 to submit a written report to the EMC Board and, as prescribed by Section 10.1.5, within 75 days (15 January 2008, excluding the weekends) before the beginning of the EMC new fiscal year, indicating:

- the views of the RCP with respect to the Budget and Fees;
- a summary of any material submissions filed by interested persons pursuant to section 10.1.1.2 of Chapter 2.

## **Attendees at the 35<sup>th</sup> Meeting of the Rules Change Panel**

The Rules Change Panel met to discuss the EMC Budget and Fees on Tuesday, 8 January 2008 at 10am in Energy Market Company Pte Ltd's Board Room at 9 Raffles Place #22-01, Republic Plaza, Singapore 048619.

### Present:

Dave E Carlson (Chairman)  
Dr. Daniel Cheng  
Henry Gan  
Dr. Kang Cheng Guan  
Robin Langdale  
Lawrence Lee  
Philip Tan Pie Lip  
Tay Swee Lee  
Michael Lim  
Low Boon Tong  
Dallon Kay

### Absent with apologies:

Dr. Goh Bee Hua

### In Attendance:

Paul Poh,	EMC, SVP (Market Administration)
Poa Tiong Siaw,	EMC, Senior Economist
Tan Liang Ching,	EMC, Senior Economist
Nerine Teo	EMC, Economist
Wang Jing	EMC, Economist
Henry Wee	EMC, Analyst

### By Invitation:

Coco Choo,	EMC, Chief Financial Officer
Joan Koh	EMC, VP Finance

## **BUDGET AND FEES FOR FY2008/2009**

### **Submissions by interested parties**

EMC published its Budget and Fees on the EMC public website on 21 December 2007 to invite interested persons to make submissions on the Budget and Fees.

The prescribed period set out in the notice for making submissions was 21 December 2007 to 8 January 2008.

No submissions from interested persons have been received.

### **Panel's comments**

The Panel made the following comments:

1. that the three quantitative PIMS targets set for FY2008/09 should not be increased beyond the level for FY2007/08 as the actual achievement in the past had already attained high score and to increase further may be counter motivational for EMC to perform.
2. that the PIMS target for Responsiveness should be higher than 80% as it appears low in view of its 100% achievement in FY2006/07 and also does not appear in balance with the quantitative targets.
3. that the PIMS targets should be finalized before the start of the financial year in which the targets relate.

### **Conclusion**

The Rules Change Panel supports EMC's Budget and Fees for FY2008/09 and presents its views to the EMC Board for consideration in finalising the Budget and Fees.

## Appendix 1

### Summary of Budget and Fees

	Budget FY 08/09 \$'000	Proj. FY 07/08 \$'000	Budget FY 07/08 \$'000	Actual FY 06/07 \$'000
NEMS Revenue	28,890	27,894	28,666	27,945
NEMS Operating Expenses				
Manpower	(7,808)	(7,254)	(6,954)	(7,066)
Other operating expenses	(17,786)	(15,175)	(16,907)	(14,016)
Total Operating Expenses	(25,595)	(22,429)	(23,862)	(21,083)
NEMS Operating Profit (before interest and tax)	3,295	5,465	4,804	6,862
Market Fees in cents per MWh	36.61	36.39	37.40	38.11

Appendix 2

EMC indicative service fees

<i>Service:</i>	<i>12 months Apr 08 to Mar 09 (Proposed budget)</i>	<i>12 months Apr 07 to Mar 08 (Approved budget)</i>
	<i>Fee \$'000</i>	<i>Fee \$'000</i>
Systems	13,811	13,911
Pricing and Information	3,038	2,950
Settlement	2,252	2,229
Ancillary services mgmt	47	45
Market assessment	2,725	2,492
Rules change process	3,139	2,975
Market Licence	2,260	2,413
Amortisation of MOIP	1,304	1,304
Panel Fees	314	347
<b>Total</b>	<b>28,890</b>	<b>28,666</b>
<b>Individual fees to Market Participants</b>	<i>Est. Fee (\$)</i>	<i>Est. Fee (\$)</i>
Common services (all those listed above) per MWh of energy		
injected	36.61 cents	37.40 cents
withdrawn	36.61 cents	37.40 cents
Registration	nil	nil
Derogation	5,500.00	5,500.00