

Notice of Market Rules Modification

Paper No.:	EMC/RCP/2017/344
Rule Reference:	App 3C
Proposer:	EMC, Market Admin
Date Received by EMC:	09 May 2017
Category Allocated:	3
Status:	Approved by EMA
Effective Date:	16 August 2017

At the 94th Rules Change Panel (RCP) meeting on 9 May 2017, the RCP discussed the concept paper CP65 Review of Market Participants' Classification and RCP's Composition and unanimously supported reviewing the approved nominating organisations and nominees for the consumer representatives on the RCP.

This paper serves to recap the approach of implementing consumer representation on the RCP and assess one of the proposed approved organisations, Singapore Chemical Industry Council (SCIC), which has expressed that it is willing and able to nominate a suitable candidate from time to time.

The RCP by majority vote **supported** the proposed modifications and recommends that the EMC Board adopt the proposed modifications set out in **Annex 1**.

Date considered by Rules Change Panel:	27 July 2017
Date considered by EMC Board:	31 July 2017
Date considered by Energy Market Authority:	11 August 2017

Proposed rule modification:

See attached paper.

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

PAPER NO. : **EMC/BD/06/2017/05c**

RCP PAPER NO. : **EMC/RCP/2017/344**

SUBJECT : **REVIEW OF CONSUMER REPRESENTATIVES ON THE RULES CHANGE PANEL**

FOR : **DECISION**

PREPARED BY : **JO ONG ZU ER
SENIOR ECONOMIST**

REVIEWED BY : **PAUL POH LEE KONG
EVP, MARKET ADMINISTRATION**

DATE OF MEETING : **31 JULY 2017**

Executive Summary

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1. Introduction

At the 94th Rules Change Panel (RCP) meeting on 9 May 2017, the RCP discussed the concept paper CP65 Review of Market Participants' Classification and RCP's Composition and unanimously supported reviewing the approved nominating organisations and nominees for the consumer representatives on the RCP.

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2. Background

2.1 Decision at the 94th RCP Meeting

As outlined under Issue 4 of CP65, consumers' representation on the RCP was introduced on 1 Nov 2006 by RC245 Appointment of Consumer Representatives to the RCP. The 2 RCP members to represent the interests of consumers of electricity in Singapore should ideally be organised such that:

- 1 person shall represent the small consumers of electricity in Singapore (Nominated by Consumer Association of Singapore (CASE)); and
- 1 person shall represent the large consumers of electricity in Singapore (Nominated by Singapore International Chamber of Commerce (SICC) or Association of Small & Medium Enterprises (ASME)).

However, since the resignation of the representative for large consumers on the RCP in April 2016, neither of SICC and ASME submitted nominations for a replacement. The seat for the representative for large consumers is hence left vacant.

At the 94th RCP meeting on 9 May 2017, the RCP discussed the concept paper and unanimously supported EMC's recommendation for Issue 4 on reviewing the approved nominating organisations and nominees for the consumer representatives on the RCP.

2.2 Implementing Consumer Representation

This section recaps the approach to implementing consumer representation on the RCP, as established by Section 6 of RC245.

2.2.1 Approach to Obtaining Nominations

Obtaining nomination directly from consumers would not be feasible due to the sheer number of consumers. The feasible option would be for consumer organisations to nominate representatives on behalf of their members. The list of approved organisations eligible to nominate candidates representing electricity consumers to the RCP should be updated from time to time.

Currently, Appendix 3C of the Market Rules has the list of approved organisations eligible to nominate candidates representing electricity consumers to the RCP. The approved organisations in the list are:

- Consumer Association of Singapore (CASE)
- Singapore International Chamber of Commerce (SICC)
- Association of Small & Medium Enterprises (ASME)

2.2.2 Criteria for Selection of Suitable Consumer Organisations

In selecting the appropriate organisations, the following characteristics were deemed desirable for a suitable organisation:

1. Large number of members
2. Diversified membership base
3. Good track record
4. Suitable organisation mission

The following guidelines were also considered important and adhered to in the assessment process:

1. Avoid organisations that are exclusionary along non-industrial themes such as race, religion and nationality etc.
2. Avoid organisations that consist of only a few members in narrowly defined industry or industries.
3. Seek organisations that can effectively represent small or large consumers.

3. Analysis

3.1 Consultation with Suitable Consumer Organisations

Since 7 Jun 2017, EMC has approached the following consumer organisations, deemed suitable as per the criteria outlined in Section 2.2.2 of the paper above, for consultation:

- Association of Small & Medium Enterprises (ASME)*
- Singapore Business Federation (SBF)
- Singapore Manufacturing Federation (SMF) (f.k.a. Singapore Manufacturers' Association (SMA))
- Singapore International Chamber of Commerce (SICC)*
- Singapore Semiconductor Industry Association (SSIA)
- Singapore Retail Association (SRA)
- Singapore Chemical Industry Council (SCIC)
- Singapore Hotel Association (SHA)

(* Approved organisations)

While the discussions with most of these organisations are still in progress, approved organisation Singapore International Chamber of Commerce (SICC) has confirmed that they are still willing and will strive, to their best ability, to nominate a suitable candidate from time to time.

In addition, Singapore Chemical Industry Council (SCIC) has also agreed that they are willing and able to nominate a suitable candidate from time to time.

3.2 Assessment of SCIC

EMC proposes for the Singapore Chemical Industry Council (SCIC) to be added to the list of approved organisations eligible to nominate candidates representing electricity consumers to the RCP.

Table 1 overleaf summarises the key information of the SCIC.

Table 1: Key Information of Proposed Organisation - SCIC

No. of Members	Membership Type	Size & Track Record	Mission Statement(s)
~180 (as of 5 Jul 2017)	Includes key multi-national corporations (MNCs) and small & medium enterprises (SMEs) that support the entire chemical industry supply chain.	Founded 1979 38 years Budget: NA Staff strength: 12	The SCIC is committed to achieving the following objectives: <ul style="list-style-type: none"> • Promotion of the growth of the chemical cluster in Singapore in such ways as shall from time to time be thought fit and in particular in partnership with the government. • The promotion of safety and protection of the environment in the operations, processes and facilities of the chemical industry. • The enhancement of plant and facility operations of the members with a view to protect the health and safety of employees, the public and the environment through dissemination of knowledge and sharing of good practices. • To actively work with the government agencies and others in promulgating responsible laws, regulations, practices and codes of conduct to safeguard the health of the community, workplace and environment. • To assist members of SCIC to operate within acceptable laws, regulations and practices. • To represent Singapore chemical industry domestically, regionally and internationally.

Electricity is a key input for the chemical industry's processes. Hence, the chemical industry players are inevitably large electricity consumers. With electricity contributing to a substantial portion of their costs and in turn impacting their profitability, the cost of electricity is of keen interest to them. Having SCIC, the official industry association representing the Singapore chemical industry in the private sector, as an approved nominating organisation for the large electricity consumer representative on the RCP would be of mutual benefit to both the SCIC and the RCP.

4. Proposed Modifications

Table 2 below summarises the proposed modifications to Appendix 3C of the Market Rules as set out in **Annex 1**.

Table 2: Summary of Proposed Modifications

Chapter/Section	Proposed Change	Reason for Change
Appendix 3C	Add Singapore Chemical Industry Council (SCIC) to the list of organisations eligible to nominate candidates representing electricity consumers to the RCP.	As described in this paper.

5. Consultation

The proposed modifications were published for comments on 18 July 2017. Comments were received from the PSO.

Comments from the PSO

Shell Eastern is a member of the SCIC and Grace Chiam from Shell Eastern is already the rep in RCP. Hence, the chemical industry is represented in the RCP.

EMC's response

SCIC is proposed to be included as one of the approved organisations to nominate a candidate to represent large electricity consumers, and not the chemical industry, on the RCP. While Shell Eastern Petroleum Pte Ltd ("Shell") is indeed a member of the SCIC, it is also a market participant from the generation licensee class. Ms. Grace Chiam was nominated by Shell to represent the generation licensee class of MPs on the RCP.

Moreover, RCP members representing the interests of consumer of electricity in Singapore need to fulfil the requirement in Market Rules Chapter 3 Section 2.3.2.7, which includes not being a director, officer, employee or agent of a market participant. Therefore, a director, officer, employee or agent of Shell is already precluded from being nominated by SCIC to represent large electricity consumers on the RCP.

6. RCP's Decision by Circulation

By circulation, the Panel **by majority vote supported** the proposed modifications set out in **Annex 1**. The details of the votes are as follows:

Those who voted in support:

- | | |
|-----------------------|--|
| 1. Mr. Henry Gan | Representative of EMC |
| 2. Ms. Priscilla Chua | Representatives of Generation Licensee |
| 3. Ms. Grace Chiam | Representatives of Generation Licensee |
| 4. Mr. Marcus Tan | Representatives of Generation Licensee |
| 5. Mr. Soh Yap Choon | Representative of the PSO |
| 6. Mr. Lim Han Kwang | Representative of Transmission Licensee |
| 7. Mr. Sean Chan | Representatives of Retail Electricity Licensee |
| 8. Mr. Daniel Lee | Representatives of Retail Electricity Licensee |
| 9. Mr. Luke Peacocke | Representatives of Retail Electricity Licensee |

- | | |
|----------------------|---|
| 10. Mr. Phillip Tan | Person experienced in financial matters in Singapore |
| 11. Dr. Toh Mun Heng | Representative for the interests of the consumers of electricity in Singapore |

Those who abstained from voting:

1. Mr. Lawrence Lee Representative of the MSSL

Mr. Dallan Kay (Representative of Wholesale Electricity Trader) did not vote.

7. Recommendations

The RCP by majority vote recommends that the EMC Board:

- a) **adopt** the proposed rule modifications to Appendix 3C of the Market Rules as set out in **Annex 1**;
- b) **seek** the EMA's approval of the proposed modifications to Appendix 3C of the Market Rules as set out in **Annex 1**; and
- c) **recommend** that the proposed modifications to Appendix 3C of the Market Rules as set out in **Annex 1** come into force **one business day** (or other longer time taking into account implementation time) after the date on which the approval of the Authority is published by the EMC.

Annex 1: Proposed Rule Modifications

Existing Market Rules (1 July 2017)	Proposed Rule Changes (Deletions represented by strikethrough text and additions represented by double-underlined text)	Reasons for Modification
Appendix 3C	Appendix 3C	
APPENDIX C - LIST OF ORGANISATIONS ELIGIBLE TO SUBMIT A LIST OR FURTHER LISTS OF NOMINEES FOR APPOINTMENT TO THE RULES CHANGE PANEL	APPENDIX C - LIST OF ORGANISATIONS ELIGIBLE TO SUBMIT A LIST OR FURTHER LISTS OF NOMINEES FOR APPOINTMENT TO THE RULES CHANGE PANEL	
<ol style="list-style-type: none"> 1. Consumers Association of Singapore (CASE) 2. Association of Small & Medium Enterprises (ASME) 3. Singapore International Chamber of Commerce (SICC) 	<ol style="list-style-type: none"> 1. Consumers Association of Singapore (CASE) 2. Association of Small & Medium Enterprises (ASME) 3. Singapore International Chamber of Commerce (SICC) 4. <u>Singapore Chemical Industry Council (SCIC)</u> 	<p>To add Singapore Chemical Industry Council (SCIC) to the list of organisations eligible to nominate candidates for appointment as representatives referred to in Chapter 3 section 2.3.1.10.</p>