CEO’s Message

Held on 1 August at Mandarin Oriental, the Singapore Electricity Roundtable 2017 welcomed more than 240 participants from the energy industry in Singapore and the region. This is the 11th time that EMC has organised this flagship event, and I would like to convey my sincere gratitude and appreciation to our distinguished speakers and participants for making the event a great success. I enjoyed the presentations as well as the opportunity to catch up with market participants and friends from the region.

In the last two months, we welcomed visitors from Abu Dhabi, Taiwan and Guangdong. EMC is happy to host visiting delegations like these to share our experience in operating Singapore’s wholesale electricity market. At a more strategic level, such technical exchanges help to promote the development of competitive electricity markets.

In the wholesale market of the National Electricity Market of Singapore (NEMS), the Uniform Singapore Energy Price (USEP) fell for two consecutive months, reaching $73.40/MWh in August which is the lowest monthly average USEP so far for the year. August also saw the addition of a new embedded generation facility and a new retailer in the NEMS.

Finally, three rule changes were approved by the Energy Market Authority in July and August. They pertain to the review of consumer representatives on the Rules Change Panel, the removal of forward sales contract provisions in the Market Rules, and the review of mechanisms to mitigate credit defaults in the wholesale market. The first rule change took effect in August, while the remaining two will take effect in October 2017 and April 2018 respectively.

The next big event on EMC’s calendar is the annual EMC Golf Day which will be held in October. I look forward to welcoming our market participants and industry partners at the event.

Toh Seong Wah
Chief Executive Officer

New Entrants to the NEMS

On 30 August, the National Electricity Market of Singapore (NEMS) welcomed a new market participant, SilverCloud Energy Pte Ltd. The company is the 21st electricity retailer to join the NEMS.

On 8 August, ExxonMobil Asia Pacific Pte Ltd registered its third embedded facility with a capacity of 40.39MW. With this addition, the total registered capacity of embedded facilities in the NEMS is 574.50MW.
The 11th Singapore Electricity Roundtable, held on 1 August at the Mandarin Oriental, Singapore, welcomed more than 240 participants from the local and regional energy industry.

The event this year saw updates on developments and challenges facing the power sectors in Singapore and Taiwan. Other topical subjects that were discussed and debated included full retail competition, renewable energy and carbon pricing.

The Roundtable was opened by EMC Director, Muthukrishnan Ramaswami, who gave an overview of the programme for the day. We were also very privileged this year to welcome the Chief Executives of two regulators as our speakers – Ng Wai Choong, Chief Executive of Singapore’s Energy Market Authority, and Carl Hansen, Chief Executive of New Zealand’s Electricity Authority.

Other distinguished speakers included industry veterans and energy specialists who offered valuable insights and perspectives throughout the event: Dr Chuan-Neng Lin, Director-General of Taiwan’s Bureau of Energy; Kees-Jan van Oeveren, Director and Country Manager of DNV GL – Energy’s Clean Technology Centre; John Pellegrini, Senior Consultant of Energy & Risk Management Consulting; and Paul Poh, EMC’s Executive Vice President for Market Administration.

The Roundtable ended with an exclusive networking cocktail and dinner at Aura at the National Gallery Singapore. Guests were treated to an evening of fine dining in an iconic location with a spectacular view of the Marina Bay skyline.

We would like to thank all participants for making the Singapore Electricity Roundtable 2017 a great success. We look forward to welcoming both returning and new participants at the next Roundtable in 2019.
EMC hosted three delegations from the United Arab Emirates (UAE), Taiwan and China in July and August.

The delegation from the Abu Dhabi Distribution Company (ADDC) and the Abu Dhabi Transmission & Despatch Company (TRANS CO) in the UAE visited EMC on 5 July. TRANS CO is responsible for ensuring a safe, reliable and efficient water and electricity transmission network within Abu Dhabi, while ADDC distributes the water and electricity services to customers in the emirate. EMC gave the delegation an overview of electricity markets and their key design parameters, as well as demand-side initiatives in Singapore.

On 2 August, EMC welcomed a delegation from Taiwan led by Dr Chuan-Neng Lin, the Director-General of Taiwan’s Bureau of Energy (BOE) who was in town as our speaker for the Singapore Electricity Roundtable. Besides participating in the Roundtable, the delegation took the opportunity to visit EMC to understand Singapore’s electricity market and our experience as the wholesale market operator. Led by the BOE which is in charge of energy related matters, Taiwan is embarking on a journey this year to reform its power market.

In the week of 14 August, a delegation from the Power Dispatch Control Centers of the China Southern Power Grid and the Guangdong Power Grid visited Singapore. Apart from attending a presentation on EMC’s role and operations, the delegation also visited a generation plant and the Power System Operator to better understand Singapore’s energy landscape. China Southern Power Grid invests in, constructs and operates power networks in the Guangdong, Guangxi, Yunnan, Guizhou and Hainan provinces, while its wholly-owned subsidiary, Guangdong Power Grid, manages the power grids in Guangdong (with the exception of Guangzhou and Shenzhen).

EMC is happy to share our knowledge and expertise to promote competitive electricity markets around the world.
**MARKET UPDATE**

The supply cushion in the wholesale electricity market continued to fall in July to 27.1%, registering the lowest monthly average level since August 2015. Despite the drop in the supply cushion, the Uniform Singapore Energy Price (USEP) also fell in July, retreating 5.9 percent to $79.21/MWh. The drop in the USEP can be attributed to an increase in offers in the cheaper price bands.

The USEP fell a further 7.3 percent in August to $73.40/MWh, which is the lowest monthly average level so far this year. This was in line with a surge in the supply cushion, which rose to 29.2 percent in the same month.

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**RULE CHANGE UPDATES**

**Review of Consumer Representatives on the Rules Change Panel**

The seat for the representative for large electricity consumers on the Rules Change Panel (RCP) has been vacant since April 2016. The RCP thus supported a review of the list of approved nominating organisations for consumer representatives on the RCP.

Upon consultation, the Singapore Chemical Industry Council (SCIC) agreed to nominate a suitable candidate from time to time. The SCIC, the official industry association representing the Singapore chemical industry in the private sector, comprises chemical industry players who are large electricity consumers.

A rule change was introduced to add SCIC to the list of approved organisations eligible to nominate candidates representing electricity consumers to the RCP. This rule change took effect on 16 August 2017.

**Removal of Provisions Relating to Forward Sales Contract from the Market Rules**

The Market Rules provisions relating to forward sales contracts (FSC) were introduced on 1 July 2015, with the initial intent for FSC settlement to be part of the Singapore Wholesale Electricity Market’s (SWEM) settlement process. However, arising from the Energy Market Authority’s (EMA) decision on 11 July 2015 to suspend the settlement of FSCs via the SWEM, and its subsequent decision for FSCs to be settled bilaterally between FSC holders and the Market Support Services Licensee, these provisions are no longer in use.

This rule change to remove FSC-related provisions from the Market Rules would provide greater clarity and avoid any potential confusion, especially among new market participants (MPs) who are not involved in or familiar with the developments in the FSC scheme. This rule change will take effect on 1 October 2017.

**Review of Mechanisms to Mitigate Credit Default**

A review was conducted this year of the mechanisms to mitigate credit defaults in the SWEM.

In the SWEM, the imposition of prudential requirements is the primary way of mitigating credit defaults. Firstly, there was scope to improve the prudential requirements methodology applicable to new MPs. A rule change was made to revise the formula to calculate the Estimated Average Daily Exposure of new MPs – instead of relying solely on forecast trading exposure provided by the new MP, the revised formula will take into account the MP’s actual withdrawal quantity once such data is available.

This will improve the risk exposure monitoring in the interim before there is sufficient trading data for that MP.

Secondly, there could be insufficient credit support being held by EMC due to an “ex-post” revision of bilateral contract quantities upon an MP’s default. To limit this risk, the rule change will bring forward the deadline for the submission of bilateral contract quantities from T+4 business days to T-10 calendar days.

The rule changes to address the above issues will take effect on 1 April 2018.
Market Information Sharing Forum (MISF)

The Market Operations team hosted the 94th session of the bi-monthly MISF on 13 July. During the forum, the following topics were shared with the attendees:

- Market Performance and Key Highlights for Q2 2017;
- System Enhancements and Projects; and
- Feature Topics:
  » Post mortem of price spike on 22 June;

We would like to thank all participants for their continuous support and strong interest in the MISF. The next MISF is scheduled for 14 September. Market participants who are interested in presenting at future MISFs are encouraged to come forward.

Market Systems User Group (MSUG)

The bi-monthly MSUG forum was held on 17 August. EMC IT updated attendees on the following topics:

- Overview of NEMS systems availability year-to-date for FY17/18;
- Overview of NEMS systems service desk calls received between August 2016 and July 2017;
- Overview of Change Releases deployed between August 2016 and July 2017;
- Major IT incidents and actions taken to resolve them;
- Upcoming Planned NEMS Maintenance;
- Disaster Recovery Exercise (Switchback) completion;

- Status updates on IT Infrastructure projects:
  » Enterprise Monitoring System (Phase 2);
  » Enterprise Backup System Replacement;
  » Data Warehouse Server Refresh; and
  » Network Enhancements.

- Status updates on Application projects:
  » Revised Spinning Reserve Requirement;
  » Migration of Offer Management System (OMS) into the Submission Management System; and
  » Publication of Risk Exposure Report.

The next MSUG forum is tentatively scheduled for Thursday, 19 October.

EMC TRAINING PROGRAMME
NEXT COURSE ON 9 AND 10 NOVEMBER 2017

EMC will be holding the next run of its two-day course Understanding Electricity Markets on 9 and 10 November 2017. Our staff will be conducting seven sessions covering the following topics:

- Understanding Electricity
- Why Reform and Regulation are Essential in the Electricity Industry
- The National Electricity Market of Singapore and its Unique Features
- Introduction to SGX Electricity Futures Market
- Pricing in Detail
- Market Settlement and Credit Risk Management
- How Consumers can Influence Electricity Markets
- How Consumers can Influence Electricity Markets

We advise you to book early to secure your place in the course date 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.