

professional transparent cost-effective people ideas integrity commitment teamwork

CEO's Message

With 2010 already in full swing, I hope everyone had a good start and a happy Lunar New Year.

In the National Electricity Market of Singapore (NEMS), the Uniform Singapore Energy Price (USEP) fluctuated in a wider range in January and February after having been relatively stable in the last two month of 2009. For more details on the wholesale market activity, see the article on page 3.

The first two months have been very busy for EMC. In January, EMC signed a Memorandum of Understanding with the Korean Power Exchange (KPX) for closer cooperation in a variety of areas. This is an important step

in our pursuit to forge even closer ties with other markets in the region; the article below provides more details.

In February, EMC successfully implemented the new settlement system, more efficient and flexible to meet the market's future needs. See page 2 on the benefits the system will bring to the market.

Looking ahead, our target to publish the 2009 NEMS Market Report and the Annual Report of the Market Surveillance and Compliance Panel (MSCP) on the EMC website is late March/early April. Each report provides a comprehensive overview of the market activities for the year and offers insights into

market performance. The MSCP report also provides an assessment of competitiveness and compliance in the NEMS. Printed copies will be available in late April and will be mailed to market participants (MPs) and interested parties who are registered on our mailing list.

We look forward to another successful year for the NEMS and a productive year working together with you.

Dave Carlson Chief Executive Officer

KPX – EMC Memorandum of Understanding Signing



Lee Seung-Rack and Dave Carlson sign the Memorandum of Understanding

On 28 January 2010, EMC and the Korea Power Exchange (KPX) signed a Memorandum of Understanding which sets out that the two organizations will work together in the following areas:

- sharing information regarding power market design, operation and surveillance
• cooperating on the improvement of competitive electricity market

- exchanging personnel, including experts on electricity market design, operation and surveillance;
• training employees on the electricity market design, operation and surveillance and
• sharing information and collaborating on new businesses, including emission trading.

The signing ceremony was held at EMC, witnessed by Lee Seung-Rack, Executive Director, KPX and KPX representatives, EMC Board members, the Business Development manager, and Dave Carlson, CEO.



An important occasion for EMC and KPX



Settlement System Revamp project successfully implemented

The Settlement System Revamp (SSR) project went live on 18 February 2010. It was a smooth and seamless switch from the previous settlement system that had served the National Electricity Market of Singapore (NEMS) since its start in 2003.

EMC embarked on the SSR project in December 2008 as our maturing market required a more efficient and flexible settlement system to better meet the market's future needs.

The new system has been designed to achieve the following business objectives:

- Implement a more flexible and scalable NEMS system architecture. This change will allow EMC to better support the market and improve our responsiveness in implementing market rule changes and directives.
- Reduce human intervention in the settlement process. We have implemented as much straights-through

processing (STP) as possible, minimizing business risks.

- Enable EMC to use a workflow model and business rule engine for the daily settlement processes to make it easier to identify possible gaps and improve business processes, allowing EMC to deliver quality and consistent settlement outcomes for market participants.

EMC will continue to promote innovations that bring the NEMS efficiency and value.

EMC Charity Initiative – EMC ushers in the tiger year with MINDS

EMC has been supporting the Movement for the Intellectually Disabled of Singapore (MINDS) at Ang Mo Kio (AMK) for over six years. This year, we continued our support by providing a colour laser printer and mobile amplifier to improve the centre's day-to-day activities. EMC also refurbished the therapy room to provide the clients with a better environment for their sessions. And perhaps most delightful of all, in March MINDS will begin hosting monthly birthday cake celebrations for its clients, compliments of EMC.

On 24 February, EMC celebrated Chinese New Year with the clients at MINDS AMK. This year marks the first time SIA MINDS Employment Development Centre joined MINDS AMK for their Chinese New Year celebration. SIA MINDS runs vocational training programs for clients 18 years and older.



Taiko Drum Performance by SIA MINDS



Volunteers, parents and guests trying out the Taiko drums



Singing performance by MINDS AMK



Dragon Dance performance by SIA MINDS

SIA MINDS started the celebration with a spectacular dragon dance, followed by an eye-opening Taiko drums performance:

eye-opening, because EMC volunteers, parents and guests were asked to have a go at the Taiko drums. Suffice it to say that next year, we'll leave this job to the professionals.

The fun continued as MINDS AMK treated us to a fancy-dress and song performance, followed by a lion dance. EMC volunteers also had a go at singing Chinese New Year songs and joining the lion dance troupe.

The exciting day was again a reminder of how much EMC's support means to MINDS—and how much we value our relationship with them. We appreciate the opportunity to contribute

to this worthwhile organization and we look forward to many enjoyable Chinese New Year's celebrations to come.



Rosalyn Peng, Principal, and EMC volunteers



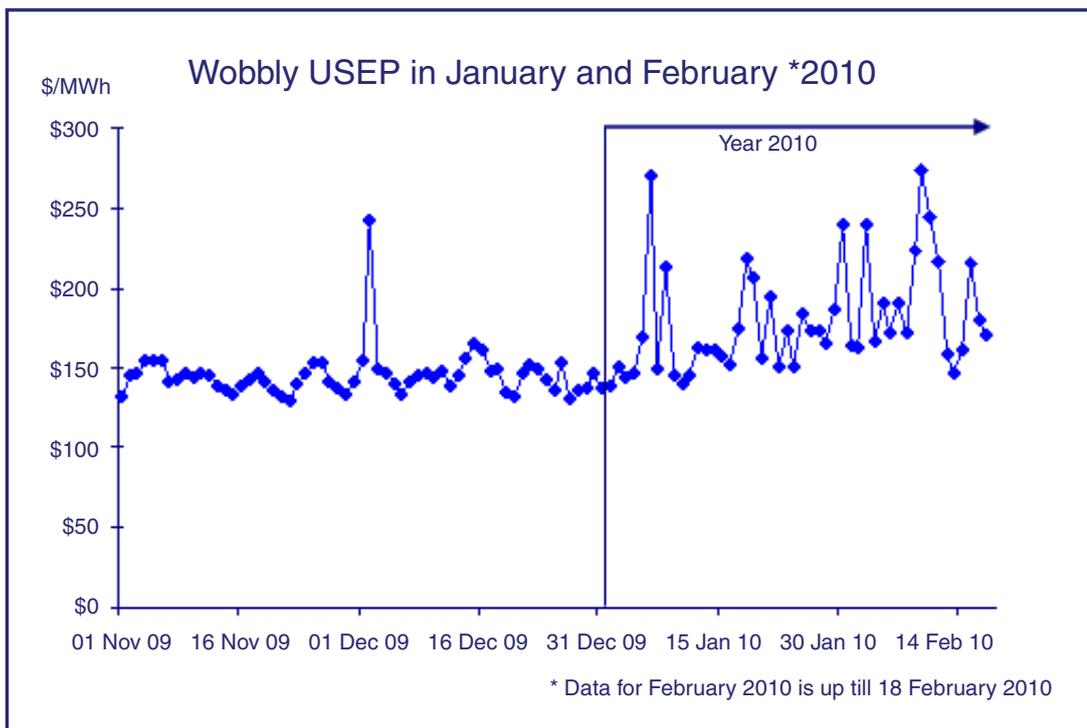
Market Update

USEP rises above VCHP for the first time

Year	2004	2005	2006	2007	2008	2009
USEP	\$82	\$110	\$132	\$125	\$162	\$148
VCHP	\$97	\$111	\$145	\$136	\$190	\$146
Percentage difference of USEP versus VCHP	15.0%	1.0%	8.6%	8.2%	14.4%	-1.3%

Since implementation of the Vesting Contract Hedge Price (VCHP) in 2004, the average yearly Uniform Singapore Energy Price (USEP) has always traded below the yearly VCHP. The difference between the yearly average USEP and the VCHP has ranged between 1 and 15 percent. However, this trend came to an end in 2009, when the USEP closed above the VCHP for the first time. The USEP and VCHP averaged \$148/MWh and \$146/MWh respectively for 2009, a difference of negative 1.3 percent.

USEP sees more fluctuations in early 2010



The USEP fluctuated in a bigger range in the first two months of 2010 after relatively stable trading in November and December 2009. The daily USEP was trading above \$200/MWh for a total of eleven days in the first two months of 2010 (up to 18 February) as compared to just one day in the last two previous months. In January and February, the USEP fluctuated daily between \$139/MWh and \$273/MWh.

New RCP Member Luke Peacocke

EMC had earlier announced that Brendan Wauters has stepped down as the Generation Licensee representative on the Rules Change Panel (RCP) with effect from 15 January 2010. The EMC Board has thereafter appointed Luke Peacocke to the RCP, effective from 01 February 2010 to 31 December 2011. EMC would like to thank Mr Wauters for his invaluable contributions to RCP during his term, and welcome Mr Peacocke on board.



User Forum

Market Information Sharing Forum (MISF)

The MISF on 20 January 2010 examined the market movements for November and December 2009. Our next MISF will be held on Wednesday, 10 March 2010.

Market Systems User Group (MSUG) Update

The bi-monthly MSUG forum was held on 24 February 2010. In addition to the regular updates on the NEMS systems availability and incidents, participants were briefed on the successful rollout of the Settlement System Revamp project (see article on page 2). EMC also briefed on the Single Electronic Window (SEW) project related users and roles migration activities with market participants and provided updates on the Disaster Recovery Exercise of the NEMS systems scheduled for 11 March – 25 March 2010. The Forum concluded with information on the sunset schedule for older NEMS applications and the progress of current NEMS systems projects and planned projects for next year.

The next MSUG is tentatively scheduled for Wednesday, 22 April 2010.

EMC Training Programme – Next Course on 20 and 21 May 2010

EMC will be holding its next available two-day training course “Understanding Electricity Markets”, on 20 and 21 May 2010. Our staff will be conducting six sessions covering the following topics:

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

The next courses are scheduled for:

19 – 20 August 2010

18 – 19 November 2010

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. For enquiries, please e-mail trainingprogramme@emcsg.com or contact Jan Lee at +65 6779 3000.

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 any questions either via e-mail to info@emcsg.com or via fax to +65 6779 3030.

Thank you in advance for your time and effort.