

Energy
Market
Company

bulletin

issue 66

MICA (P) 160/11/2011

professional transparent cost-effective people ideas integrity commitment teamwork

CEO's Message

EMC started the Year of the Dragon with good news for the National Electricity Market of Singapore (NEMS).

We are pleased to announce that EMC will be making a refund of \$0.52 million to market participants (MPs) from tax incentives claimed under the Productivity and Innovation Credit (PIC) scheme. This comes together with other exogenous items, following approval of the company's audited financial accounts in September 2012.

PIC is a government scheme that allows companies to claim tax benefits for

investments in a broad range of activities along the innovation value chain. Find out more in the article below.

In the NEMS, the Uniform Singapore Energy Price rose in January but closed lower than the Vesting Contract Hedge Price. In the same month, we also saw the registration of the largest combined-cycle gas turbine unit in the NEMS to-date. More details on the wholesale market activity can be found on pages 2 and 3.

The NEMS Market Report and the Market Surveillance and Compliance

Panel Annual Report 2011 are being finalised. Printed copies will be available in late April and will be mailed to MPs and interested parties on our mailing list.

We look forward to another successful year of trading for the NEMS and thriving partnerships with MPs and NEMS stakeholders in 2012.

Dave Carlson
Chief Executive Officer

EMC to Refund \$0.52 Million to Market

EMC is pleased to announce that it has successfully claimed for tax incentives under the government's Productivity and Innovation Credit (PIC) scheme. In accordance with EMC's revenue regulatory framework, \$520,000 from the tax incentives will be refunded to the market as an exogenous item, along with other exogenous items, after the

approval of the Company's audited financial accounts in September 2012.

The PIC was introduced in the Singapore Budget in 2010 and enhanced the following year to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. The tax benefits under the

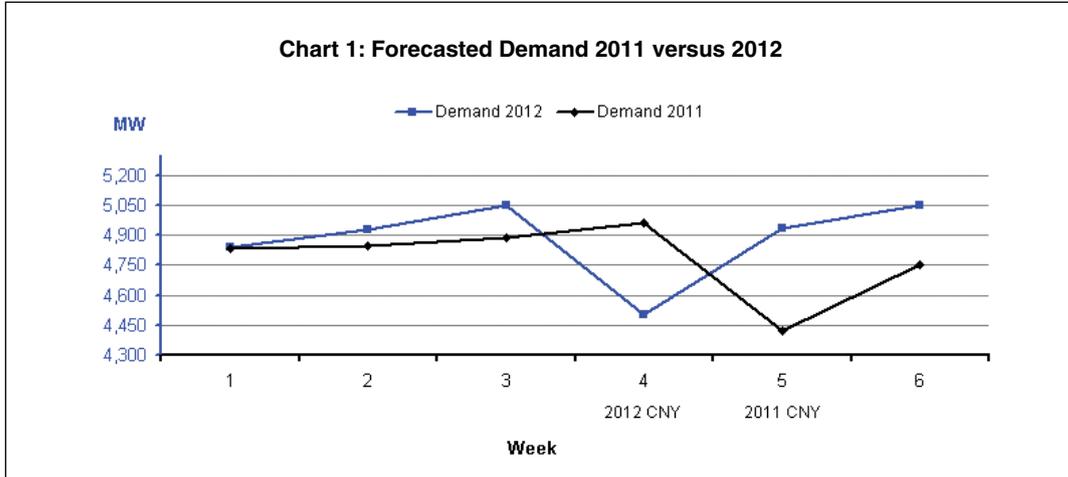
PIC scheme will be effective from Year of Assessment (YA) 2011 to YA 2015.

EMC will continue to explore productivity and innovation enhancements within the organisation to improve efficiency for the benefit of the market.

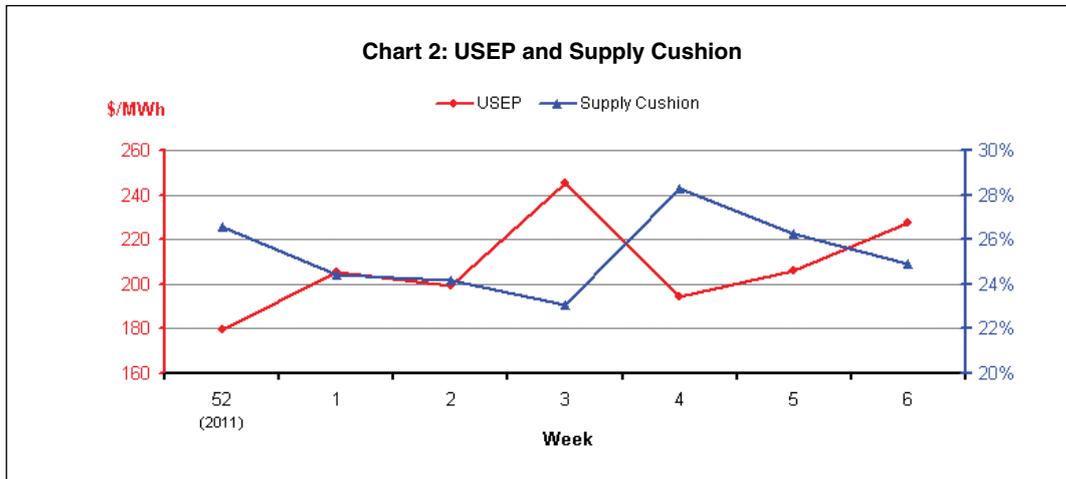


Market Update

Senoko Energy Pte Ltd (Senoko) registered a 431MW combined-cycle gas turbine (CCGT) unit with EMC on 17 January. This is the largest¹ CCGT unit that has registered in the National Electricity Market of Singapore (NEMS) since market started in 2003. The entry of this unit increased Senoko's total market share of registered capacity by 3.0 percent to 27.4 percent. The CCGT market share for registered capacity also expanded from 61.9 percent to 63.5 percent as a result of this added capacity.



Forecasted demand in the first six weeks of 2012 stood higher than over the same period in 2011, with the exception of Week 4. Forecasted demand for Week 4 in 2012 was lower due to the Chinese New Year holidays (Chart 1).

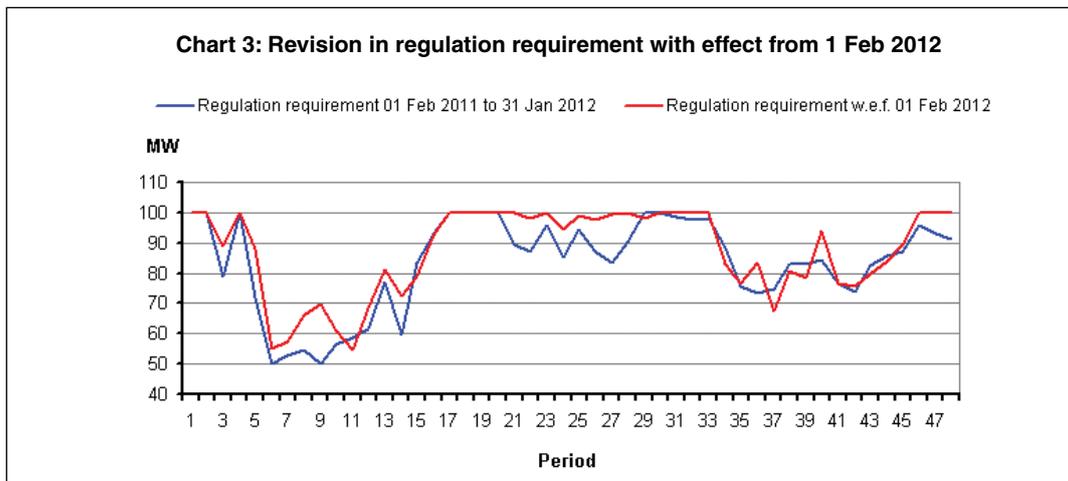


Supply cushion measures the percentage of total supply available after matching off demand. The Uniform Singapore Energy Price (USEP) usually shares an inverse relationship with the supply cushion such that when supply cushion drops, the USEP will trend upwards. Such was the trend observed for the first six weeks of 2012 (Chart 2).

Compared to December 2011, the USEP in January moved up by 12.4 percent to \$210.48/MWh. This was on the back of lower supply cushion and higher Brent crude oil prices. Despite the increase in the USEP, it remained 0.5 percent below the Vesting Contract Hedge Price of \$211.58/MWh.

¹ At publication date.

(continued on page 3)



The last revision of the regulation requirement was on 1 February 2011. The Power System Operator revised the regulation requirement again this year and the changes took effect on 1 February. This latest revision entailed more regulation, with an increase of the average regulation requirement from 83.42MW to 87.31MW. This revision affected 40 periods, of which 30 involved an upward revision in regulation requirement (Chart 3).

User Forum

Market Information Sharing Forum (MISF)

The 61st MISF held on 13 January covered market performance for the National Electricity Market of Singapore (NEMS) in November and December 2011, provided an overview of the NEMS for 2011 and a progress update on system enhancements.

The next MISF will be held on Friday, 9 March at 2.30pm. All MISF delegates are encouraged to register online.

Market Systems User Group (MSUG) Update

The bi-monthly MSUG forum was held on 16 February. EMC organised a thank you lunch for the market participants (MPs) in appreciation of their support of the bi-monthly MSUG meetings.

Aside from the regular updates on NEMS systems' availability and market incidents, participants were briefed on the planned Disaster Recovery Exercise scheduled for February as well as the requirements for encryption of secured e-mails to EMC. In addition, EMC briefed participants on the system enhancements related to the Recovery and Refund of Reserve and Regulation Payments, Publication of Registered Capacity by Facility, the schedule for phasing out older NEMS applications, and the progress of other ongoing projects for the NEMS systems.

The next MSUG is tentatively scheduled for Thursday, 19 April.



EMC Training Programme – Next Course on 17 and 18 May 2012

EMC will be holding its two-day training course, *Understanding Electricity Markets*, on 17 and 18 May 2012. Our staff will be conducting six sessions covering the following topics:

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

The next courses are scheduled for:

17 – 18 May 2012

16 – 17 August 2012

15 – 16 November 2012

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. 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.