CEO’s Message

I hope everyone had a great start to 2009. 2008 was a year that saw our three largest generation companies sold to new owners, new market participants joining the NEMS, and highly volatile oil and electricity prices.

The NEMS has performed well, reflecting the fundamentals of demand and supply, as covered in the article on the market trend for the last quarter of 2008. The last quarter saw softer demand and the USEP tumbling to $63/MWh in mid-December, after setting a record in May 2008 with $203/MWh. See page 3 for full details.

I am very pleased to report that the new offer management system was released to the market in December and I thank all market participants for their time and valuable input during the trial and testing phases. This project is part of EMC’s ongoing effort to further enhance the NEMS market systems to bring greater efficiency and functionality to the market. See the article on page 3.

EMC also saw some changes to its Board in November as Wong Meng Meng took over as our new chairman from Tan Soo Kiang, and David CF Wong from Andy Gan as one of our directors. We would like to thank Mr Tan and Mr Gan for their service and dedication to EMC and the NEMS over the past six years.

We at EMC look forward to continuing our close interaction and working relationship with all market players. I would like to thank everyone for their ongoing support and effort in evolving the NEMS. As EMC did not send any printed Season's Greetings card this year, but instead used the funds to support children as another way of giving a little extra back to the community, I would like to use this opportunity to wish everyone a happy and successful Lunar New Year.

Gong Xi Fa Cai.

Dave Carlson
Chief Executive Officer

Rules Change Update

Rule Change: Registration of Generation Facilities at the Same Generating Station

A generation facility with a capacity of less than the 10MW can choose to participate in the market as a generation settlement facility, which is neither required to bid into the market nor is subject to the Power System Operator’s (PSO) central dispatch.

As generation settlement facilities do not have to follow dispatch instructions, the operation of several such facilities at the same location could compromise power system security. Thus, a threshold of 10 MW was set on the combined capacity of generation settlement facilities at a given generating station. This implies that if a generating station has an aggregate generation capacity of 10 MW or more, then every generating facility within the generating station must be subject to the PSO’s dispatch.

However, this 10MW threshold is sometimes misunderstood to apply to each generating unit, rather than the aggregated facilities. To prevent any potential ambiguity, amendments to the rules were proposed to clarify the requirements for the registration of generation settlement facilities.

Rule Change: Auditing of Contracted Ancillary Services Proposals

Currently, EMC procures, on behalf of the PSO, contracted ancillary services such as black-start to ensure system security. When feasible, EMC will conduct a competitive tender or negotiate with multiple potential ancillary service providers (PASP) to determine competitive prices and the terms for such services. When either option is feasible, EMC will negotiate ancillary service contracts directly with a single provider.

Since future contracted ancillary services could entail significant capital investment, there is merit in introducing a provision for the independent assessment of the PASPs’ proposals, to ensure that their proposals do not over-provide and are cost effective. This rule change introduces the provision of an independent assessment, which will be conducted for cases in which the PSO or EMC would like an independent view on proposals. The assessment will be carried out by a consultant engaged by EMC, with inputs from the PSO and the respective PASP. The consultant fees will be recovered from the market through the Monthly Energy Uplift Charges (MEUC).

While the consultant’s findings will not be binding on the PASP, it is envisaged that they will serve to facilitate the negotiation process between the PSO, EMC and the PASP.

Both rule modifications have been approved by the EMA. The rule changes on "Registration of Generation Facilities at the Same Generating Station" and "Auditing of Contracted Ancillary Services Proposals" will take effect on 5 January and 9 January 2009 respectively.
The Movement for the Intellectually Disabled of Singapore (MINDS) at Ang Mo Kio is a charity EMC has been supporting for more than five years. We enjoy supporting MINDS and seeing the importance of our support to the centre.

This year, EMC purchased five new pieces of fitness equipment that the centre required for the physiotherapy needs of its clients. The stationary bikes, trampoline and treadmill are useful for improving the health and fitness of the clients, as they help enhance blood glucose control, increase motor-coordination, and maintain muscle strength and soft tissue length.

On 5 December, EMC also celebrated Christmas with the centre. EMC volunteers met with the centre’s new head, Rosalyn Peng. Ms Peng gave us a thorough overview of the training facilities the centre provides for the clients. We also saw the therapy room in use. Then it was time for the big event—the Christmas party.

To our delight, the clients jump-started the Christmas party with a dance performance. We then partnered with clients in a game of musical chairs, followed by an Indian dance. Decorating the Christmas trees and Santa and Santarina were next on the fun-filled agenda, and we all worked together to have the trees ready for Christmas. Santa and Santarina had their share of photo-ops when we finished dressing them up and lighting the Christmas trees. The Christmas party was a highly rewarding event, and renewed our enthusiastic commitment to ongoing support for MINDS.
Market Update

The USEP dives from early October to mid-December

Demand saw a downtrend in Q4 2008, with both October and November registering a negative year on year (YOY) growth of minus 3.2 and minus 2.7 percent respectively. These instances represent the third and fourth times that the monthly average demand for the Singapore wholesale market recorded negative YOY growth since the start of the market. In November, demand also averaged lower compared to the levels seen in the same month in both 2007 and 2006. With demand softening in Q4 2008, the USEP tumbled during the fourth quarter, with daily averages of $171/MWh on 1 October and $63/MWh on 15 December. The preliminary USEP figure for December (1 to 15 December) shows an average of about $71/MWh, which is about 65 percent lower than the pinnacle average set in May 2008 of $203/MWh. In addition to softer demand, the relatively unchanged level in the supply, as well as shifts in the energy offer pricing, contributed to the fall of the USEP.

NEMS Offer Management System (OMS)

The NEMS OMS including its Web Services Delivery System was released to market participants on 3 December 2008. In this initial launch phase, access is being given to those users who participated in the OMS trial earlier in the year. New users will be given access over the next few months. EMC would like to thank all market participants for their valuable feedback and time during the OMS trial and testing periods.

The NEMS OMS is a new offer management system with enhanced and expanded offer system capabilities and a web services module that allows market participants to automate the exchange of offer submissions, offer validation information, notifications and notification subscription using web services. These enhancements come in conjunction with the improvements made in August 2008 when the NEMS messaging infrastructure was enhanced to eliminate the market's dependency on SonicMQ. This gave each market participant greater flexibility to implement any open standard compliant messaging infrastructure to communicate electronically with EMC.

EMC is committed to further improving the system, and values your ongoing feedback as part of our efforts to bring increased efficiency and functionality to the NEMS.
User Forum

Market Information Sharing Forum (MISF)

The main focus of our most recent MISF, held 19 November 2008, was in-depth coverage of the significant demand movements during September and October 2008 - a topic of great interest for the attending market participants.

Our next MISF will be held on Wednesday, 14 January 2009.

Market Systems User Group (MSUG) Update

The bi-monthly MSUG forum was held on Thursday, 18 December. In addition to updates and discussions on the NEMS systems availability and incidents, attendees learned of the progress made with the NEMS Offer Management System following its release to the market on 3 December 2008. EMC also provided a progress update on the Sonic MQ dependency removal from the NEMS systems and on the status and schedule of the EMC digital trader certificate renewal exercise for the NEMS trading website.

The next MSUG meeting is tentatively scheduled for Thursday, 12 February 2009.

EMC Training Programme – Next Course on 19 and 20 February 2009

EMC will be holding its two-day training course, Understanding Electricity Markets, on 19 and 20 February 2009. Our staff will be conducting six sessions covering the following topics:

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

The next courses are scheduled as follows:
21–22 May 2009
20–21 August 2009
19–20 November 2009

Book early to secure your place in the course of your choice and benefit from our early-bird discount.

For further details on the programme and registration, visit 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.