CEO’s Message

This is the first EMC Bulletin of 2006 and the first for me as interim CEO of Energy Market Company.

It has been a busy beginning to the year for the company. Important for EMC was the Rules Change Panel’s (RCP) approval of EMC’s budget for our financial year commencing 1 April 2006. This means that we can now focus on further planning and on delivering the initiatives and activities spelled out in this budget and in our business plan.

On the IT side, we have progressed on delivering the initiatives outlined in EMC’s IT roadmap. In January, the successful implementation of the database split took place. Progress has also been made on the server re-platform initiative with completion expected in April next year. These two initiatives and several others help EMC to significantly reduce its operational risks and ensure that the systems of the National Electricity Market of Singapore (NEMS) continue to provide a robust and secure platform. For a full update, see the story on page 3.

The evolution of the market is continuing and the RCP has already been busy with several rule change requests. We are pleased that the EMC Board has appointed a representative of the wholesale electricity market trader class of market participant to the RCP. Details of the appointment are on page 1.

We have been consulting with the industry to prioritise the RCP workplan for 2006, which the RCP is expected to agree to in its meeting in March.

Market participants and interested parties can look forward to the 2005 NEMS report, which EMC is finalising. The report will be published on EMC’s website in April and printed copies will be mailed to those who have registered to be on our mailing list. As in past years, this report provides a comprehensive overview of market activity and includes insights into the performance of the market in 2005.

I look forward to interacting with many of you over the next months to exchange ideas and address issues of our evolving market place.

Jomar Eldoy
CEO, Energy Market Company

New Member Appointed to the Rules Change Panel

The EMC Board has appointed Dallon Kay to the Rules Change Panel (RCP) as the representative of the wholesale electricity market trader class of market participant.

With this new appointment, the RCP now incorporates representatives from all classes of market participant. The wholesale electricity trader class was not previously represented as there were no market participants in that class.

Mr Kay is Managing Director of Diamond Energy, a privately owned boutique energy services company. He has over ten years of commercial experience in the Australasian energy sector.

RCP Members (2006-2008)

<table>
<thead>
<tr>
<th>Member Category</th>
<th>Nominated by</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive of EMC (Chair of RCP)*</td>
<td>-</td>
<td>Jomar Eldoy*</td>
</tr>
<tr>
<td>Employee of EMC not being the Chief Executive</td>
<td>EMC Board Chairman</td>
<td>Henry Gan Wee Teck</td>
</tr>
<tr>
<td>Representative of the PPO</td>
<td>PPO</td>
<td>Kng Meng Hawe</td>
</tr>
<tr>
<td>Representatives of the generation licensee class of market participant</td>
<td>PowerSeraya Senoko Power Tuss Power</td>
<td>Low Boon Tong Tay Swee Lee Philip Tan Pei Lip</td>
</tr>
<tr>
<td>Representative of the transmission licensee class of market participant</td>
<td>SP PowerGrid (agent of SP PowerAssets)</td>
<td>Daniel Cheng Tai Yip</td>
</tr>
<tr>
<td>Representatives of the retail electricity licensee class of market participant</td>
<td>Keppel Electric SembCorp Power</td>
<td>Koh Kah Aik Francis J. Gomez</td>
</tr>
<tr>
<td>Representative of the wholesale market trader class of market participant</td>
<td>Diamond Energy</td>
<td>Dallon Eric Kay*</td>
</tr>
<tr>
<td>Representative of the market support services licensees</td>
<td>SP Services</td>
<td>Lim Ah Kuan</td>
</tr>
<tr>
<td>Representative of the financial community in Singapore</td>
<td>ICPKS</td>
<td>Robin Langdale</td>
</tr>
</tbody>
</table>

*New members since last publication

(continued on page 4)
Lowest Demand Since Chinese New Year 2005

The period between Christmas and Chinese New Year (CNY) is typically the demand trough for the year and this year was no exception. With two sets of holidays in early January and CNY from 29 to 31 January plus a week of rain, the average monthly electricity demand of 3,984MW for January 2006 was the lowest level since January 2005.

Not surprisingly, demand on the first day of CNY (29 January) was the lowest for the month and the lowest since CNY last year (as shown in the chart below). Going by previous trends, the demand following CNY was expected to increase steadily and it did so with February reaching the levels of last November. The highest average daily demand for 2006, based on data up to 20 February, was 4,511MW.

CCGT market share hits new high

Despite the variations experienced throughout January, daily average Uniform Singapore Energy Price (USEP) remained between $95/MWh and $120/MWh on 27 days. This was helped by strong CCGT generation, with the CCGT market share hitting a record high of 87.6% in the middle of January. In February, the CCGT market share returned to levels of about 80% on weekdays and about 84% on weekends.
Settlement System Now Meets Demands of Rule Change on Allocation of Reserve Cost

The Energy Market Authority (EMA) has recently approved a rule change to modify the basis of allocating reserve cost among generators from their injection energy quantity to their scheduled energy quantity. EMC Bulletin 29 described the rationale for this rule change.

In tandem with this revision to Section 10.3 of Chapter 6 and Section A.2 of Appendix A, EMC’s Market Operations department made the necessary system changes. It revised the settlement system to determine the reserve responsibility share based on the scheduled energy quantity and implemented this enhancement on 9 February.

Business Continuity Plan Successfully Tested

EMC’s Business Continuity Plan (BCP), code named Exercise Thunderbolt 2006, was conducted on 19 and 20 January, with our best results yet. This year’s exercise saw the recovery and resumption of market operations at the BCP site within three hours, faster than ever, and well within the required RTO (recovery time objective) of four hours.

All EMC personnel were involved in this exercise, in which various modular BCP tests were conducted, including:

- Emergency Response Plan
- Desktop Scenario Tests
- BCP Site Readiness
- Transportation Plan
- Market Operations Recovery Plan
- Crisis Communications Plan
- Moving Back Plan

In this exercise, the steering committee of the BCP, the Human Resource and the Communications departments performed desktop scenario tests. These tests were crafted to critically evaluate how the respective departments would respond to the simulated scenarios as they unfolded.

The following day, market operations were successfully run from the BCP site for the whole day, with operations reverting to our main office on Monday, 23 January. The smooth transition ensured that there was no impact or unfavourable consequences to the NEMS or to market participants.

Exercise Thunderbolt is an annual exercise and just one part of our comprehensive and ongoing BCP. To ensure preparedness for any crisis situation, we regularly test various modules of our BCP and our Disaster Recovery Plan. The frequency of the exercises also ensures that all EMC staff are well versed in their roles and responsibilities.

Update on Information Technology Initiatives

We have embarked on several initiatives to ensure the continued reliability of our market IT systems and to enhance our services to market participants.

Implementation of database split

In January, we successfully implemented the database split that effectively reduced the size of the NEMS operational database by more than half. The smaller operational database has improved system performance and provides faster system recovery, which is critical for our uninterrupted market operations.

EMC will continue to explore ways of optimising the operational database further.

The second component of this project is the creation of a historical database to store all of the NEMS data since market start. This will allow us to increase the availability of historical market data and thus enhance market transparency.

Data delivery — Phase 1

The enhancements in the first phase of this project will allow the automated transmission of offer submission information and market advisories between market participants’ IT systems and the NEMS trading system. This first phase is expected to go live in October.

Server re-platform

We have embarked on this initiative to ensure that our systems remain both robust and secure. This project will see the replacement of the NEMS trading servers, which after almost five years are approaching the end of their useful life. A thorough tender process took place to ensure that the new servers will meet the future needs of the market at a competitive price. In February, EMC selected a vendor for the major components of the re-platform solution, which include a five-year fixed price systems maintenance contract for continuous support (24 hours x 7 days a week). The target date for full implementation is scheduled for April 2007.

Update on Information Technology Initiatives

We have embarked on several initiatives to ensure the continued reliability of our market IT systems and to enhance our services to market participants.

Implementation of database split

In January, we successfully implemented the database split that effectively reduced the size of the NEMS operational database by more than half. The smaller operational database has improved system performance and provides faster system recovery, which is critical for our uninterrupted market operations.

EMC will continue to explore ways of optimising the operational database further.

The second component of this project is the creation of a historical database to store all of the NEMS data since market start. This will allow us to increase the availability of historical market data and thus enhance market transparency.

Data delivery — Phase 1

The enhancements in the first phase of this project will allow the automated transmission of offer submission information and market advisories between market participants’ IT systems and the NEMS trading system. This first phase is expected to go live in October.

Server re-platform

We have embarked on this initiative to ensure that our systems remain both robust and secure. This project will see the replacement of the NEMS trading servers, which after almost five years are approaching the end of their useful life. A thorough tender process took place to ensure that the new servers will meet the future needs of the market at a competitive price. In February, EMC selected a vendor for the major components of the re-platform solution, which include a five-year fixed price systems maintenance contract for continuous support (24 hours x 7 days a week). The target date for full implementation is scheduled for April 2007.
EMC Training Programme — Next Course on 18 and 19 May

EMC will be holding its regular two-day training course Understanding Electricity Markets on 18 and 19 May. 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

Further courses are scheduled for:

- 17 and 18 August
- 9 and 10 November

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 Ong Pui Sze at +65 6779 3000.

EMC Telephone Recording Policy

We would like to inform stakeholders that, as a matter of routine, all telephone conversations at the EMC office are recorded. The recording of telephone conversations is for quality assurance purposes covering both the trading and general business aspects of EMC’s operations.

EMC adheres to strict guidelines on the use of recordings and will ensure the confidentiality of all recordings.

User Forums

The year began with market participants coming together, once again, for information sharing sessions.

Market Information Sharing Forum (MISF)

The MISF was held on 11 January with over 20 people attending. Participants were given insights into the performance of prices and market shares and were provided with a summary of the incidents that took place in the last two months of 2005.

A summary of last year was also provided, based on price comparisons, generation types and market shares against the preceding two years. The discussion then moved on to an outlook of demand and supply conditions. The session ended with a status update of projects that EMC is undertaking on the market clearing engine.

The next MISF is scheduled for Wednesday, 15 March.

Market System User Group (MSUG)

The MSUG on 23 February drew over 20 attendees, who convened at EMC’s office to share the NEMS System availability updates. The IT Team advised participants of the status of IT projects such as the database split and server re-platform. The updates also included a glimpse into future projects involving infrastructure and applications.

The next MSUG is scheduled for Thursday, 27 April.

New Member Appointed to the Rules Change Panel

Prior to his position at Diamond Energy, he was Director Commercial Development at Duke Energy International. His experience includes providing advice to contestable consumers in the NEMS on electricity procurement, contract structuring and risk management. In his career he has also been active in the development of natural gas and power infrastructure projects throughout Australasia.

He and the 11 other members of the RCP will be responsible for considering changes to the Market Rules and making recommendations to the EMC Board until 31 December 2008.

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.