MINUTES OF THE RULES CHANGE PANEL
115TH MEETING
HELD ON TUESDAY, 3 APRIL 2020 AT 10.00AM
VIA VIDEO-CONFERENCING

Present: Toh Seong Wah (Chairman)        Henry Gan
Soh Yap Choon                        Marcus Tan
Tony Tan                           Carol Tan
Sean Chan                          Senthil Kumar
Ho Yin Shan                        Fong Yeng Keong
Tan Chian Khong

Absent with Apologies: Teo Chin Hau        Matthew Yeo
Dr. Toh Mun Heng

In Attendance: Lim Chew, COO        Lau Chee Kiong, SVP (Technology)
(EMC) Anne Goh, VP (Finance)

1. Notice of Meeting

The Chairman called the meeting to order at 10.10am. The Notice and Agenda of the meeting were taken as read.

2. EMC’s Budget for FY2020/21
(Paper No. EMC/RCP/115/2020/01)

Mr. Toh Seong Wah, Chairman of the RCP, and Mr. Henry Gan declared conflict of interests in the discussion on EMC’s Budget and thus would not take part directly in the discussion except to answer any questions directed to them.

The Panel was informed that under the Market Rules and EMC’s Market Licence, EMC is obliged to consult the Panel on its Budget prior to submitting the same to the EMC Board and EMA for approval.

Ms Anne Goh, EMC’s Vice President of Finance, presented the Budget for FY2020/21.

2.1 Key Assumption for the Budget
- NEMS revenue is based on the allowed revenue under the economic regulation framework for 1 April 2018 to 30 June 2023.
- EMC is allowed to charge the following categories of fixed fees:
  a) Annual market participant fee of $10,000 per market participant
  b) One-off market participant registration fee of $5,000 per registration
  c) RSA hardware token fee (from 6th token onwards per MP) of $350 per token
- The fixed fees were introduced on 1 July 2018 to ensure a more equitable cost allocation among participants in the NEMS and does not increase EMC’s overall revenue.
• The price cap and volume assumptions are as follows:

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<tr>
<th>Price Cap (Cents/MWh)</th>
<th>Forecast FY2019/20</th>
<th>Budget FY2020/21</th>
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<tr>
<td>1 July to 30 June</td>
<td>32.28</td>
<td>33.57</td>
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• NEMS expenses are supported by specific functions, initiatives and projects.
• The manpower cost was budgeted based on 73 permanent headcount.
• EMA market licence fees increase by 8% year-on-year. After the budget was published, EMA advised that the licence fees for April 2020 to March 2021 will remain status quo, resulting in a reduction in forecasted/budgeted cost of $66K in FY19/20 and $269K in FY20/21.
• Depreciation is based on EMC’s depreciation policies of 3 – 5 years useful life.
• NEMS capital expenditure (CAPEX) is largely based on the projects approved in the regulatory period by EMA and the key focus are:
  - Resiliency and redundancy
  - Reliability and supportability
  - Governance and compliance
  - Security
  - Capacity management

2.2 Mr. Tan Chian Khong noted that the budgeted audit fee of S$309,000 is on the high side. Ms. Anne Goh informed that besides the year-end financial audit, the fees include other audits, namely Settlement Audit, Performance Standard Audit, Segregation of Accounts audit and internal audits.

2.3 Mr. Senthil Kumar asked if EMC can lower its fees in light of the current economic circumstances. The Chairman explained that EMC fees are levied to support the operations and initiatives of the NEMS market. EMC’s revenue is regulated and capped by EMA in its 5-year revenue regime. Under the regulatory regime, EMC is not allowed to make excessive profit and any excess profits will be returned to the market. He added that for the last financial year, EMC returned a total of S$284,000 cost savings to the market. RCP is agreeable with this approach.

2.4 Mr. Y K Fong asked if the budget for office maintenance / rental and utilities has taken into account the rebates announced by the government recently. Ms. Anne Goh replied that rebates have not been factored into the budget as it has yet to hear from the landlord about any rebates.

2.5 In response to Mr. Marcus Tan’s query about the consultation fee for the market advisory panel, Ms. Anne Goh said that the consultation fee is reflected in Legal and Professional fee.

2.6 Mr. Soh Yap Choon noted that the EMA directed project budgeted in FY2020/21 is for the development of the Forward Capacity Market (FCM) Auction System (“FCM Project”) and did not include other
projects directed by EMA. Mr. Henry Gan explained that other projects such as Intermittency Pricing Mechanism were not included because resources will be tied up with the FCM Project in FY20/21. If there are any additional EMA directed rule changes, EMC can claim the related costs exogenously.

2.7 Mr. Y K Fong sought clarification if EMA directed projects are subject to RCP’s process. Mr Henry Gan replied it is not.

2.8 The Chairman informed that the RCP Report on EMC’s budget for FY2019/20 will be circulated to the Panel for confirmation before issuing the same to the EMC Board and EMA.

There being no other matters, the meeting ended at 10.40am.

Toh Seong Wah
Chairman

Minutes taken by:
Angeline Tan
Executive, Legal and Corporate Secretariat