

## Notice of Market Rules Modification

**Paper No.:** EMC/RCP/40/2008/274  
**Rule reference:** Chapter 3 Section 2.3.3  
**Proposer:** Market Admin, EMC  
**Date received by EMC:** 22 September 2008  
**Category allocated:** 1  
**Status:** Approved by EMA  
**Effective Date:** 05 January 2009

### Summary of proposed rule modification:

This proposal is to extend the time period of a current exemption which allows a market participant (MP), or market support services licensee (MSSL), and its affiliates to be concurrently represented on the RCP

**Date considered by Rules Change Panel:** 4 November 2008  
**Date considered by EMC Board:** 27 November 2008  
**Date considered by Energy Market Authority:** 19 December 2008

### Proposed rule modification:

See attached paper.

### Reasons for rejection/referral back to Rules Change Panel (if applicable):

PAPER NO. : **EMC/BD/06/2008/05(a)**

RCP PAPER NO. : **EMC/RCP/40/2008/274**

SUBJECT : **COMPOSITION OF RULES CHANGE PANEL**

FOR : **DECISION**

PREPARED BY : **WANG JING  
ANALYST**

VETTED BY : **PAUL POH LEE KONG  
SVP, MARKET ADMINISTRATION**

DATE OF MEETING : **27 November 2008**

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### **Executive Summary**

Currently, the Market Rules make exemptions for the Market Participants/MSSLs and their affiliates such that they can be concurrently represented on the RCP. It is intended in the Market Rules that the composition of the RCP should result in fair representation and no conflict of interests. In reality, this is feasible only in a privatized electricity industry where ownership is not concentrated. Clearly, this is not feasible in our context where we currently still have state-owned electricity companies under Temasek Holdings.

Since the sale of gencos (e.g. Power Seraya) has not been completed, section 2.3.3 of Chapter 3 gives an exemption so that these electricity companies and their affiliates can concurrently be represented in the RCP.

This proposal seeks to extend the exemption period for one more year i.e. until end of 31 December 2009.

The RCP recommend that the EMC Board **adopt** this proposal.

## **1. Introduction**

This proposal is to extend the time period of a current exemption which allows a market participant (MP), or market support services licensee (MSSL), and its affiliates to concurrently be represented on the RCP.

## **2. Background**

Section 2.3, Chapter 3 of the Market Rules governs the composition of RCP and qualifications of RCP members. One of the requirements stipulated under that section (section 2.3.4) is that no market participant or market support services licensee may, alone or in combination of its affiliates, have more than one director, officer, employee or agent who is a member of the rules change panel.

The implication of section 2.3.4 is that a MP (or a MSSL) and its affiliates cannot concurrently be represented in the RCP.

## **3. Analysis**

It is intended in the Market Rules that the composition of RCP results in fair representation and no conflict of interests. However, this is feasible only in a privatized electricity industry where ownership is not concentrated. Clearly, this is not feasible in our context where we currently still have state-owned electricity companies under Temasek Holdings.

Since the sale of gencos (e.g. Power Seraya) has not been completed, section 2.3.3 of Chapter 3 gives an exemption so that these electricity companies and their affiliates can concurrently be represented in the RCP. It is thus proposed that the exemption period be extended for one more year, i.e. until end of 31 December 2009.

## **4. Conclusion**

Until such a time where the electricity companies in Singapore are all privatised, an extension of the exemption period is necessary to allow a MP (or a MSSL) and its affiliates to be concurrently represented in the RCP.

## **5. Consultation**

We have published the rule modification proposal on the EMC website for comments. No comments have been received for consideration.

## **6. Legal sign off**

Text of the rule modification has been vetted by EMC's legal counsel to reflect the intent of the rule modification proposal.

## 7. Recommendations

The RCP unanimously recommends that the EMC Board

- a. **adopt** the rule modification proposal to amend Section 2.3.3 of Chapter 3 of the Market Rules as set out in the **Annex 1**;
- b. **seek** EMA's approval of the rule modification proposal; and
- c. **recommend** that the rule modification proposal come into force **one business day** after the date on which the approval of the Authority is published by the EMC.

**ANNEX 1: PROPOSED MODIFICATIONS TO MARKET RULES**

<b>Existing Rules</b> <b>(Release 1 July 2008)</b>	<b>Proposed Rules</b> (Deletions represented by strikethrough text and addition underlined)	<b>Reason for Modification</b>
<p><b>Chapter 3, Section 2.3.3</b></p> <p>Prior to 01 January 2009,</p> <p>(i) a <i>market participant</i>; or</p> <p>(ii) a <i>market support services licensee</i></p> <p>may have its director, officer, employee or agent appointed as a member of the <i>rules change panel</i> as a representative of the relevant class of <i>market participant</i> or <i>market support services licensee</i> notwithstanding sections 2.3.2 and 2.3.4, if such <i>market participant</i> or <i>market support services licensee</i> is an <i>affiliate</i> of Temasek Holdings (Private) Limited.</p>	<p><b>Chapter 3, Section 2.3.3</b></p> <p>Prior to 01 January <del>2009</del> <u>2010</u>,</p> <p>(i) a <i>market participant</i>; or</p> <p>(ii) a <i>market support services licensee</i></p> <p>may have its director, officer, employee or agent appointed as a member of the <i>rules change panel</i> as a representative of the relevant class of <i>market participant</i> or <i>market support services licensee</i> notwithstanding sections 2.3.2 and 2.3.4, if such <i>market participant</i> or <i>market support services licensee</i> is an <i>affiliate</i> of Temasek Holdings (Private) Limited.</p>	<p>An extension of the exemption is required to allow a market participant (or a market support services licensee) and its affiliates to be concurrently be represented on the RCP</p>