



CONSULTATION PAPER

REVIEW OF THE VESTING CONTRACT LEVEL AND PERIOD WEIGHTING FACTORS FOR THE PERIOD 1 JANUARY 2007 TO 31 DECEMBER 2008

Closing date for submissions of comments and feedback:
30 June 2006

Note: There will be no extension of deadline beyond 30 Jun 2006, 5 pm

22 MAY 2006

ENERGY MARKET AUTHORITY
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Disclaimer:

The information in this Consultation Paper is not to be treated by any person as any kind of advice. The Energy Market Authority shall not be liable for any damage or loss suffered as a result of the use of or reliance on the information given in this Consultation Paper.

1 Introduction

- 1.1 Vesting contracts were implemented on 1 January 2004. The vesting contracts commit the generation companies to sell a specified amount of electricity at a specified price and thereby prevent gencos from exercising their market power to drive up prices. At the last review 2004, we had determined the vesting contract level¹ and period weighting factors to be applied from 1 January 2005 to 31 December 2006.
- 1.2 Under the established procedures for setting the vesting contract level, we are required to review the vesting contract level and period weighting factors to be applied from 1 January 2007 to 31 December 2008.
- 1.3 An open tender was called for the provision of consultancy services to assist EMA in the review of the vesting contract level and period weighting factors for the period 1 January 2007 to 31 December 2008. EMA has engaged PA Consulting Group (“PA”) to assist EMA in the review of the vesting contract level and period weighting factors for the period 1 January 2007 to 31 December 2008.

2 Request for comments and feedback

- 2.1 EMA invites comments and feedback on PA’s draft report as set out in the Appendix.
- 2.2 Please send your submission by e-mail to:
wong_mui_quee@ema.gov.sg, soh_sai_bor@ema.gov.sg, daniel_lee@ema.gov.sg and
tan_kheng_whee@ema.gov.sg

¹ Vesting contract level is the percentage of total electricity demand that is subject to vesting contract. Different contracting levels are applied to demand during different times of the day, defined as peak, off-peak and shoulder periods. Period weighting factors are applied to the average vesting contract level to calculate the contracting level in peak and off-peak periods. The period weighting factor for shoulder periods is set as 1.

Alternatively, you may send your submission by post/fax to the following address:

Director (Market)
Regulation Division
Energy Market Authority
111 Somerset Road, #15-05
Singapore 238164.
Fax: (65) 6 835 8084

- 2.3 Anonymous submission will not be considered.
- 2.4 All comments and feedback must reach EMA by 5 pm on 30 June 2006.
- 2.5 EMA will acknowledge receipt of all submissions electronically. Please contact Mr Daniel Lee or Ms Tan Kheng Whee if you have not received an acknowledgement of your submission within two business days.
- 2.6 EMA reserves the right to make public all or parts of any written submissions made in response to this Consultation Paper and to disclose the identity of the source. Any part of the submission, which is considered by respondents to be confidential, should be clearly marked and placed as an annex. EMA will take this into account regarding disclosure of the information submitted.

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