



CONSULTATION PAPER

DETERMINATION OF APPROPRIATE RENTAL VALUES FOR DERIVATION OF BENCHMARK COST OF CHILLED WATER PRODUCTION

Closing date for submissions of comments and feedback:
9 Jan 2007

Note: There will be no extension of deadline beyond 9 Jan 2007, 5 pm

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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 A pilot district cooling system (DCS) has been constructed to supply chilled water to meet the air-conditioning needs of all the commercial buildings within a pilot service area (DC zone) in Marina South. All the commercial buildings within the DC zone will be required to use the district cooling service.
- 1.2 EMA will impose a price regulation regime on the DCS operator based on the benchmark cost of chilled water produced by a conventional air-conditioning system (Benchmark Cost).
- 1.3 One of the components of the Benchmark Cost is the economic cost of space used for housing chiller plant equipment (including any associated equipment) of the conventional air-conditioning system. Buildings designed to receive DC service would not need to have their own in-house chiller plant room to house chiller plant equipment, and building owners can allocate such space saved to other uses. Such space savings has an economic value equivalent to the net effective rental income (economic value) that it could generate for the building owners.
- 1.4 EMA has engaged Knight Frank Pte Ltd to assist it in the determination of the economic value of the chiller plant room space saved to be adopted for the derivation of the Benchmark Cost.

2 Request for comments and feedback

- 2.1 EMA invites comments and feedback on Knight Frank's draft report as set out in the Appendix.
- 2.2 Please send your submission by e-mail to:
tan_kheng_whee@ema.gov.sg

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

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- 2.3 Anonymous submissions will not be considered.
- 2.4 All comments and feedback must reach EMA by 5 pm on 9 Jan 2007.
- 2.5 EMA will acknowledge receipt of all submissions electronically. Please contact Miss 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 submission 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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