

**REQUEST FOR PROPOSAL (“RFP”) TO BUILD, OWN AND OPERATE NEW GENERATION CAPACITY**

Corrigendum 2

Date: 09 Oct 2023

| S/No. | Comments   | EMA’s Response  |
|-------|--|---|
| 1     | <p>Writing to request clarification on the recent announcement on 8 Sep 2023, of EMA granting Conditional Approvals to import a total of 2 gigawatt of low-carbon electricity from Indonesia into Singapore which aims to commence commercial operations <u>from end 2027</u>.</p> <p>Based on RFP Version 3.0, the projected electricity supply until 2030 has not taken into account large scale electricity import.</p> <p>When will EMA update the projected electricity supply and reserve margin (Table 2) between 2028 to 2030 to account for Indonesia’s electricity imports coming in from end 2027?</p>  | <p>Please refer to RFP document version 4.0 for the updated projected electricity supply and reserve margin. The need for a new planting in 2028 remains as the projected reserve margin in 2028 is below the required reserve margin of 27%.</p> |
| 2     | <p>Regarding Clause 1.3, Table 2: On 8 September 2023, EMA granted Conditional Approvals for 2 Gigawatt (GW) of Electricity Imports from Indonesia. In the media release, it is stated that the target commercial operation date for this import will be end 2027.</p> <p>Link: <a href="#">EMA Grants Conditional Approvals for 2 Gigawatt (GW) of Electricity Imports from Indonesia</a></p> <p>We would like to check with EMA if the total electricity supply projected in the upcoming years will be updated to account for this new capacity? Given the additional 2 GW of import capacity expected by end 2027, is there still a need for a new planting in 2028?</p> | <p>Please refer to RFP document version 4.0 for the updated projected electricity supply and reserve margin. The need for a new planting in 2028 remains as the projected reserve margin in 2028 is below the required reserve margin of 27%.</p> |
| 3     | <p>We have been informed by our SBD Consultant that the entire SBD process for a brown-field project typically takes approximately 12 to 18 months. Furthermore, for a brown-field project, the SBD has to be performed for the entire site, encompassing not only the major A&amp;A location.</p>   | <p>The lead time required to clear the Security-by-design (“SBD”) process depends on the quality and standard of reports submitted. That said, EMA will work with the RFP Winner to facilitate</p>  |

|   |  |  |
|---|--|--|
|   | To ensure no delay in obtaining the SBD approval, could EMA establish an understanding with the Centre for Protective Security (CPS) under MHA to support and prioritise the SBD approval process, to ensure that it will not be longer than 12 months' timeframe?   | their clearance on the SBD process with the Centre for Protective Security ("CPS").  |
| 4 | Regarding Clause 2.4 in the RFP, please advise the type of engagement that EMA expect with URA during the tender process. Would it be, for example, via an informal introductory email on the project overview, or via formal EIA Form A and B submission?   | Participants are to engage the Technical Agencies via submission of Form A for the Environmental Impact Assessment. Please write to EMA (Capacity_Development@ema.gov.sg) for the latest copy of the Form A. |
| 5 | Regarding Clause 2.4 in the RFP, please advise of the contact details of the relevant URA officer we should approach?  | The point of contact of each agency that the Participant shall submit Form A to can be found in the Form A.  |
| 6 | <p>Regarding Clause 2.8: The Participant would need to execute a binding Engineering, Procurement and Construction ("EPC") Contract before it is able to commit to Notice of Award. To negotiate and execute a binding EPC contract by 31 October 23 would not be possible. The negotiation and final execution of the binding EPC would likely occur only after EMA notification that the Participant has been shortlisted.</p> <p>As such, we would like to request EMA to allow the Shortlisted Participant to submit the Performance Bond only after the Participant has executed a binding EPC. If the Shortlisted Participant is unable to execute a binding EPC, the Participant should be allowed to withdraw its shortlisted proposal without facing any penalties, notwithstanding the issuance of the Performance Bond Undertaking.</p> | The Proposals submitted by 31 October 2023 shall be committed to ensure a fair evaluation during RFP Selection Process.  |

|   |  |   |
|---|--|---|
| 7 | <p>Regarding Clause 1.3(d):</p> <p>It is important that the industry has clarity on how Meranti Power will be operated because it directly impacts the amount of electricity demand left for the other generating units in the system, including the new unit and thus affecting the financial viability of this new unit.</p> <p>As such, could EMA provide details on the day-to-day operating mode of Meranti Power? Would Meranti Power be required to offer into the wholesale market? If yes, what is the price that Meranti Power will be required to offer?</p> <p>Could EMA share how Meranti Power as a regulated entity will be recovering its investment and cost? Will Meranti Power be allowed to recover all its cost of capital and fixed cost via an uplift charge in the market and only be required to recover its short run margin cost from the wholesale market?</p> | <p>The 680MW of Open Cycle Gas Turbines (“OCGTs”) to be commissioned by Meranti Power in 2025 is intended to replace the retiring OCGTs in the power system and provide fast start generation capacity to safeguard system security and reliability.</p> <p>The OCGTs will be contracted under ancillary services contract in accordance with the Singapore Electricity Market Rules.</p> |
| 8 | <p>Regarding Clause 2.12: It is stated that EMA will reduce the Performance Bond sum progressively upon completion of each project milestone. Could EMA provide the clarity regarding the specific reduction amount in Performance Bond at each project milestone?</p>   | <p>The Performance Bond sum will reduce from (i) S\$100 million to S\$50 million at Receipt of URA’s Provisional Permission; and (ii) S\$50 million to \$25 million at Delivery of Gas Turbine to Site. Please refer to the updated section on the Performance Bond (para 2.12) in RFP document version 4.0.</p>  |
| 9 | <p>Regarding Annex A: Performance Bond Undertaking; Clause 2.1:</p> <p>(i) Given EMA has the discretion not to award the RFP, for completeness, the Undertaking shall also be automatically terminate on the date EMA decides not to award the RFP.</p> <p>(ii) Since EMA has the option to shortlist another Participant when the initial Shortlisted Participant fails to provide the Performance Bond and in the worst-case scenario, EMA will</p>  | <p>(i) Agree. Please refer to the updated Annex A in RFP document version 4.0.</p> <p>(ii) The Performance Bond Undertaking serves to demonstrate Participants’ commitment to (a) furnish the Performance Bond upon</p>   |

|    |  |  |
|----|--|--|
|    | <p>be planting the new unit, could EMA consider removing the requirement to submit the Performance Bond Undertaking?</p> <p>(iii) Can EMA share what will be the consequence for failure to furnish the performance bond to EMA within 14 days of EMA notification of being shortlisted for the award of the RFP under this Performance Bond Undertaking?</p>  | <p>notification of the shortlist; and (b) their Proposal submissions relating to the Performance Conditions (including its accuracy and completeness), which will be used for RFP Selection Process.</p> <p>(iii) Failure to furnish the Performance Bond to EMA within 14 days of EMA's notification of being shortlisted may result in the Shortlisted Participant being disqualified.</p> |
| 10 | <p>One crucial point to highlight is that in reference to the Association of Banks in Singapore (ABS) bye-laws Section G, Guarantees issued in favour of Singapore beneficiaries shall bear an Expiry date. Hence a specific expiry date which is the latest date by which complying documents as specified in the Guarantee has to be presented, needs to be inserted. In light of this, the bank has recommended the inclusion of a specific expiry date in the Performance Bond format.</p>   | <p>We are agreeable to insert a specific expiry date. Please refer to the updated Annex B in RFP document version 4.0.</p>   |
| 11 | <p>Regarding Annex B: Specimen of Performance Bond:</p> <p>We have been informed by our banks that, according to Section G of the Association of Banks' bye-laws, Guarantees issued in favour of Singapore beneficiaries shall bear an expiry date.</p> <p>As such, there is a need to insert a definite expiry date in the Performance Bond form.</p> <p>Please see the attached revised Performance Bond form, which includes other suggested amendments from our banks for your consideration. Please let us know if it is acceptable to EMA.</p> | <p>We are agreeable to insert a specific expiry date and have reviewed the suggested edits. Please refer to the updated Annex B in RFP document version 4.0.</p>   |
| 12 | <p>In the corrigendum issued on 30<sup>th</sup> August the following was stated in respect of the Performance Bond.</p>  |  |

|    |   |   |   |  |
|----|---|---|---|--|
|    | <p>7</p> <p>Could we check if the tenure of the Performance Bond can be for 1 year only, and renewed on an annual basis?</p>  | <p>No, the Performance Bond shall remain in full force and effect from the date that it is furnished to EMA until the date the Performance Bond is returned to the Shortlisted Participant.</p> | <p>(i) When procuring a Performance Bond from a banking institution it is a standard requirement that it includes a date specific expiry date. As currently stated, the EMA require the Performance Bond to be valid until an open ended date. We would request EMA’s approval that a Performance Bond could be issued with an expiry date.</p> <p>(ii) We would also like to seek further clarification on the above response. Would EMA accept a Performance Bond for a shorter tenor for eg. 1 year on the condition that in the event the Performance Bond is not renewed one month before the expiry of the existing Performance Bond the EMA would be able to draw upon the Performance Bond in hand.</p> | <p>(i) We are agreeable to insert a specific expiry date. Please refer to the updated Annex B in RFP document version 4.0.</p> <p>(ii) The Performance Bond shall remain in full force and effect until 31 December 2027.</p>  |
| 13 | <p>Section 2 RFP Requirements, Paragraph 2.8 (Performance Bond)</p> <p>We request to waive the requirement of 'Performance Bond' and instead allow awarded Participant to demonstrate and show evidence of commitment to construct CCGT via issuance of LNTP, EPC contracts and NTP issued.</p> |   |   | <p>The Performance Bond serves to secure (i) the RFP Winner’s timely delivery of the new generating unit (through interim project milestones) and (ii) the RFP Winner’s due and faithful performance and fulfilment of the performance parameters as declared in the Proposal and/or as agreed with EMA.</p> |
| 14 | <p>Other: Flood Protection for Critical Infrastructure</p> <p>Can EMA share what is EMA’s requirements for Flood Protection for Critical Infrastructure?</p>  |   |   | <p>The RFP Winner shall implement flood protection measures in line with the prevailing Public Utilities Board’s Code of Practice on Surface Water Drainage.</p>   |
| 15 | <p>Regarding Clause 3.3 Commitment to offer Price Competitive Contracts for any uncontracted capacity:</p>  |   |   | <p>Carbon Tax is considered a separate cost item of the vesting long run marginal cost (“LRMC”),</p>   |

|    |   |  |
|----|---|--|
|    | <p>We would like to request EMA to reconsider the classification of the Carbon Tax under the Non-fuel margin.</p> <p>Carbon Tax should be categorized as part of the fuel cost because it is determined based on the fuel being used and it should be fully recovered without any discount applied. Given the expected increase in carbon tax, applying a percentage discount to a rising carbon tax constitutes a significant cost and exposure for the Participant offering this option to EMA.</p>   | <p>consistent with the Vesting Contract Procedures Paper (refer to section 3 therein).</p>   |
| 16 | <p>As part of our engineering due diligence, we would like to gather further information on the greenfield site in Jurong Island. In particular, we would like to request for any available report on the soil condition of the site, as well as any ground monitoring report or site survey conducted. We understand from recent developments in neighbouring sites that these reports have been made available by JTC.</p>  | <p>Relevant information on the greenfield site identified by EMA may be available on Integrated Land Information Service (INLIS).</p>  |
| 17 | <p>Can EMA confirm if there has been any previous Environmental Baseline Study (related to JTC's EBS guidelines) conducted for the proposed greenfield site for new planting? Would EMA be able to share this document?</p>   | <p>There has not been any previous Environmental baseline Study conducted. Participants shall carry out the study, according to JTC's guidelines.</p>  |
| 18 | <p>We have approached JTC for the drainage capacity that can be used for the greenfield, and we understand that the preferred protocol is for us to obtain it from the EMA.</p>   | <p>Participants may write to EMA (Capacity_Development@ema.gov.sg) for the drainage capacity and the Jurong Island Drainage Masterplan.</p>  |
| 19 | <p>(i) As the gas-fired generating unit is expected to continue to be the marginal unit to set the wholesale electricity price. Any change in the gas procurement framework in Singapore would have significant impact on the fuel cost of the gas-fired generating unit and impact the wholesale electricity price. A part of our financial due diligence, we would appreciate if EMA can share the framework of the Centralised Gas Procurement with the industry as soon as possible, preferably before the tender submission closing date on 31 Oct 2023 so</p> | <p>(i) Gencos today have flexibility to decide on the amount and duration of gas contracts. While this flexibility was intended to allow gencos to benefit from a competitive gas market, it does not provide sufficient assurance that there will be enough gas</p> |

|  |  |  |
|--|--|--|
|  | <p>that the impact of this regulatory change can be taken into consideration in our economic model. The robustness of the economic model is important to ensure that we are able to secure the necessary financing for the project.</p> <p>(ii) It is stated that the RSL is set based on Gencos' historical CCGT generation output, which will be review from time to time to ensure it remains relevant. Could EMA publish the methodology on how the annual RSL is being determined? Could we confirm that the RSL requirement will be abolished once the centralised gas procurement framework is being implemented?</p> | <p>overall in the system to meet our energy needs as a whole. Gencos also tend to behave similarly during the fluctuations in the gas market when it comes to contracting gas. Such bunching of contracts magnifies Singapore's exposure to market risks, which is a cause for concern if this occurs during volatile market conditions or when there are major supply disruptions. EMA will therefore work with the industry including gencos to improve gas procurement, such as by collectively contracting for longer-term gas contracts for greater security of supply and demand aggregation to provide economies of scale. EMA will develop the enhancements to the gas procurement framework in consultation with the industry, which is expected to provide more secure and reliable gas supply at stable and competitive prices with lower gas contracting risk overall for all gencos.</p> <p>(ii) The objective of the RSL is to ensure gencos maintain sufficient fuel to operate their available CCGT capacity ("Objective"). As stated in the Final Determination Paper on Pre-emptive Measures to Enhance Energy Security issued on 1 Dec 2021, the RSL is determined with reference to each Genco's</p> |
|--|--|--|

|    |   |  |
|----|---|--|
|    |   | <p>actual CCGT generation capacity available (i.e. excluding any capacity on planned maintenance approved by the Power System Operator) and actual generation output of the CCGT generating units achieved. EMA will continue to review the requirement periodically to achieve the Objective.</p> |
| 20 | <p>Under Section 3.2(d) of the RFP, participants are required to submit a modification to Schedule A of the Generation Licence through the GoBusiness Licensing portal.</p> <p>One of the required information in the portal is the postal code for the generation planting. Could you help provide the postal code for the greenfield site please.</p> | <p>For Participants using the greenfield site identified under Annex C of the RFP document, Participants to state “EMA identified greenfield site” under the postal code field when submitting the licence application through the GoBusiness Licensing Portal.</p>                                |