



DECISION PAPER

PROPOSED MODIFICATIONS TO MARKET SUPPORT SERVICES CODE

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Background

1. The Market Support Services (“**MSS**”) Code sets the minimum standards of performance for the provision of market support services by a Market Support Services Licensee (“**MSSL**”). The MSS Code also sets out the rights and obligations of a Retail Electricity Licensee, a Generation Licensee, the Transmission Licensee and a contestable consumer with respect to market support services.

Proposed Modification

Current Process To Effect Changes in Consumers’ Purchase Arrangement

2. Pursuant to section 8.4 of the MSS Code, if a MSSL receives a service transaction request for a contestable consumer to change his electricity purchase arrangement (e.g. to switch to buying from a new retailer) and that consumer is at that time purchasing electricity from another retailer (“**Existing Retailer**”), the MSSL is required to notify the Existing Retailer and wait *ten business days* from the date of such notification (“**Initial Waiting Period**”) before effecting the service transaction request. Anytime during the Initial Waiting Period, the Existing Retailer may notify the MSSL of its objection to the service transaction request – in which case the MSSL shall wait a further ten business days from the date of the objection notice (“**Second Waiting Period**”) before effecting the service transaction request *provided* the MSSL does not receive a further service transaction request to terminate the initial request for change in purchase arrangement.

Enhancing the Process

3. EMA has considered two options to enhance the process for a retailer’s customer to change his purchase agreement – be it to switch to another retailer or to buy from the wholesale market:

Option A: To allow MSSL to immediately effect the change in purchase arrangement if the Existing Retailer informs MSSL (within the current Initial Waiting Period of ten business days) that it has no objection to the change.¹

Option B: To shorten the Initial Waiting Period to three business days.

4. EMA is of the view that Option B should be adopted for the following reasons:

- a. Three business days should be adequate time for any Existing Retailer to seek clarification from the relevant consumer and (if justified) to notify MSSL of its objection. This option is also more efficient than Option A, as the latter is dependent on the Existing

¹ Option A was proposed by a retailer.

Retailer taking the initiative to notify MSSL of its “no objection” early (which may not be forthcoming and as a result MSSL would still need to wait for ten business days to effect the change).

- b. SP Services Ltd (as the MSSL) has estimated the cost of modifying its MSS IT System to implement Option A to be significant. On the other hand, there would be no incremental cost to implement Option B.

Public Consultation

5. Pursuant to Section 1.6 of the MSS Code, EMA had sought public comments and feedback on the proposed modification to the MSS Code with respect to Option B (see [Appendix 1](#)). There was no objection to the proposed modification when consultation closed on 8 Apr 2011 (see [Appendix 2](#) for the industry comment and EMA’s response).

EMA’s Decision

6. EMA has decided to modify the MSS code as set out in [Appendix 1](#). The modification will come into effect when MSSL has completed the planned replacement of its IT System (currently expected to be in Jan 2012). The effective date will be announced by EMA.

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Proposed Modification to the Market Support Services Code

Modification Ref. No.	Clause	Original text	Modified text	Reasons
MSSC/2011/1	8.4.3(b)	“If the consumer is then purchasing from a Retail Electricity Licensee, the Market Support Services Licensee shall notify the existing Retail Electricity Licensee of the service transaction request and shall wait ten business days from the date on which such notice is given (the “initial waiting period”) before continuing to process the service transaction request ...”	“If the consumer is then purchasing from a Retail Electricity Licensee, the Market Support Services Licensee shall notify the existing Retail Electricity Licensee of the service transaction request and shall wait ten <u>three</u> business days from the date on which such notice is given (the “initial waiting period”) before continuing to process the service transaction request ...”	To shorten the initial waiting period from ten to three business days.

EMA's Response to Industry Feedback

Tuas Power Supply Pte Ltd	EMA's Response
<p>We support the proposed modification to the Code since it can immediately help to enhance the market efficiency without incurring additional cost. However, the options are not mutually exclusive and EMA should continue to explore the feasibility of Option A which can further provide more flexibilities to consumers who might decide last minute to switch from one retailer to another.</p>	<p>EMA agrees that Option A and Option B are not mutually exclusive. However, it should be recognised that the effect of Option A is to potentially further reduce the waiting time for a contestable consumer to switch away from his existing retailer from three business days under Option B. This reduction would only materialise if the existing retailer immediately notifies MSSL of its "no objection". Taking into account the significant cost to modify MSSL's IT system to implement Option A and that in practice a retailer is likely to take more than one business day to respond with any "no objection" notification, the potential benefit (specifically further reduction in waiting time) may not outweigh the implementation cost of Option A.</p>