

Licence No. EMA/GI/004

# Gas Licence for Gas Importer Licensee

granted  
under the Gas Act (Cap. 116A) to

SembCorp Gas Pte Ltd

# **GAS LICENCE FOR GAS IMPORTER LICENSEE**

## **TABLE OF CONTENTS**

<b>PART I: SCOPE OF THE LICENCE .....</b>	<b>1</b>
<b>PART II: GENERAL CONDITIONS OF THE LICENCE .....</b>	<b>2</b>
Condition 1: Interpretation and Definitions	2
Condition 2: Composition of Board of Directors	4
Condition 3: Prohibition on Acquisition of Shares	4
Condition 4: Codes of Practice	5
Condition 5: Risk Management and Insurance	6
Condition 6: Preparation for Emergencies and Security Arrangements	6
Condition 7: International Obligations	6
Condition 8: Investigation of Offences	7
Condition 9: Information, Access and Audit Rights of the Authority	8
Condition 10: Payment of Fees	8
<b>PART III: SPECIAL CONDITIONS APPLICABLE TO THE IMPORTATION OF NATURAL GAS .....</b>	<b>10</b>
Condition 11: Gas Sale Agreements for Import of Natural Gas	10
Condition 12: Import Quantity	10
Condition 13: Provision of Information and Data of the Authorised Business	10

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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### **PART I: SCOPE OF THE LICENCE**

1. The Energy Market Authority of Singapore (the “Authority”), in exercise of the powers conferred under Section 7(3) of the Gas Act (Cap 116A) (the “Act”), hereby grants to SembCorp Gas Pte Ltd, a company incorporated in the Republic of Singapore with Registration Number 199704333H (the “Licensee”), a gas licence (the “Licence”) authorising the Licensee to import natural gas pursuant to its Gas Sales Agreements as set out in Schedule A to this Licence in Singapore subject to the conditions of this Licence (the “Conditions”).
2. The Conditions are subject to modification in accordance with Sections 14, 15 and 16 of the Act.
3. Subject to paragraphs 4 to 5 below, this Licence shall commence on the date set out below and terminate upon the expiry of all Gas Sales Agreements set out in Schedule A to this Licence.
4. The Authority may at any time revoke or suspend this Licence in accordance with Section 18 of the Act.
5. Any request for the termination of this Licence by the Licensee is subject to the approval of the Authority, whose approval shall not be unreasonably delayed or withheld beyond a 90-day period. The Licensee shall continue to be bound by the terms of this Licence until such time as the Authority notifies the Licensee in writing of such approval. The Licensee shall not be released from any obligation arising under the Licence prior to such date.

5<sup>th</sup> September 2008

KHOO CHIN HEAN  
Chief Executive  
Energy Market Authority of Singapore

# **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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## **PART II: GENERAL CONDITIONS OF THE LICENCE**

### **Condition 1: Interpretation and Definitions**

1. Unless the context otherwise requires, words and expressions used in this Licence shall be construed as if they were in an Act of Parliament and the Interpretation Act (Cap. 1) applied to them and references to an enactment shall include any statutory modification or re-enactment thereof or any legislation substituted therefor after the date when this Licence comes into operation. A reference in this Licence to a body, whether statutory or not, which ceases to exist or whose functions are transferred to another body includes a reference to the body which replaces it or which substantially succeeds to its functions, powers or duties. A reference in this Licence to the word “including” or a grammatical variation thereof means “including but not limited to”.
2. Unless the context otherwise requires or the term is otherwise defined in paragraph 3 of this Condition, all terms defined in the Act shall have the same meaning when used in this Licence.
3. In this Licence, unless the context otherwise requires:

<b>“Act”</b>	means the Gas Act (Cap. 116A);
<b>“authorised business”</b>	means the Licensee’s business of importing natural gas and its related activities in connection to the importation of natural gas;
<b>“BBtu”</b>	means one billion (1,000,000,000) British thermal units;
<b>“commercial generation”</b>	means generation of electricity for export into the transmission system;
<b>“Electricity Act”</b>	means the Electricity Act (Cap. 89A);
<b>“Existing Gas Sales Agreement”</b>	means any Gas Sales Agreement entered into by the Licensee before 21 August 2006;
<b>“Import Quantity”</b>	means in respect of a calendar year, a quantity, expressed in energy unit (BBtu), equal to the product of the number of calendar days for that particular year and the maximum daily quantity of natural gas which the gas supplier has a firm obligation to deliver to the Licensee during each day of that year pursuant to a Gas Sales Agreement;
<b>“firm obligation”</b>	means the obligation of a gas supplier to

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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deliver such quantity of natural gas as set out in any Gas Sales Agreement and the failure of which will result in a breach of the Gas Sales Agreement by the gas supplier;

**“Gas Sales Agreement”**

means any agreement entered into between the Licensee and a gas supplier, under which the Licensee imports or has the right to import natural gas into Singapore, including any amendment, alteration or notification thereto in accordance with the terms of the agreement;

**“gas supplier”**

means the seller or expected seller from whom the Licensee imports natural gas into Singapore;

**“non-commercial generation and other uses”**

means the use of natural gas for any purpose other than for commercial generation;

**“related enterprise”**

in relation to the Licensee or its subsidiary means any company or partnership over which the Licensee or its subsidiary, as the case may be (either directly or through another subsidiary company) is able to exercise control, that is, to direct the decision-making process of the company or partnership, whether through holding issued share capital or voting power of the company or partnership;

**“relevant legislation”**

means the Act and the Energy Market Authority of Singapore Act (Cap. 92B), and includes in each case the regulations made thereunder;

**“subsidiary”**

shall be construed in accordance with Section 5 of the Companies Act (Cap. 50); and

**“transmission system”**

is as defined in the Electricity Act.

4. For the purposes of the restriction on the transfer of this Licence, the provisions of Section 10 of the Act shall apply and accordingly:

- (a) this Licence is not transferable without the approval in writing of the Authority; and

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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- (b) any purported transfer of this Licence without the approval in writing of the Authority shall be void.
- 5. Any reference in this Licence to a numbered paragraph is a reference to the paragraph bearing that number in the condition in which the reference occurs.
- 6. A reference to:
  - (a) “Condition” and “Conditions” refer to a condition and conditions of this Licence, respectively; and
  - (b) “Schedule” and “Schedules” refer to a schedule and schedules to this Licence, respectively.
- 7. Headings are for convenience only and shall not affect the interpretation of the Conditions of this Licence.
- 8. Where in this Licence the Licensee is required to comply with any obligation within a specified time limit, that obligation shall be deemed to continue after that time limit if the Licensee fails to comply with that obligation within that time limit.
- 9. The provisions of Section 95 of the Act shall apply for the purposes of the service of any document by the Authority on the Licensee pursuant to this Licence.

### **Condition 2: Composition of Board of Directors**

- 1. The Licensee shall procure that at all times its directors shall not be employed by, nor hold any office or engagement with:
  - (a) any other gas importer or any person exempted from the obligation to hold a licence to import gas;
  - (b) a gas transporter or gas transport agent under the Act; or
  - (c) any person authorised by an electricity licence, or exempted from the obligation to hold an electricity licence, to engage in an activity referred to in one or more of subsections (b), (ba), (e) or (g) of Section 6(1) of the Electricity Act.
- 2. The Authority may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition for such period as the Authority may determine.

### **Condition 3: Prohibition on Acquisition of Shares**

- 1. The Licensee shall not directly or indirectly through its related enterprises acquire or hold any shares in:

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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- (a) any other gas importer or any person exempted from the obligation to hold a gas licence to import gas under the Act;
  - (b) a gas transporter or gas transport agent under the Act; or
  - (c) any person authorised by an electricity licence or exempted from the obligation to hold an electricity licence, to engage in an activity referred to in one or more of subsections (b), (ba), (e) or (g) of Section 6(1) of the Electricity Act.
2. The Authority may, on such terms as it may specify in writing and notified to the Licensee, waive or vary any of the requirements of this Condition.

### **Condition 4: Codes of Practice**

1. The Licensee shall be subject to and shall comply with any relevant codes of practice and other standards of performance as the Authority notifies the Licensee in writing.
2. In conjunction with paragraph 1 of this Condition, the Licensee may participate in the development of any code of practice and standard of performance if such code of practice or standard of performance will directly or indirectly affect the authorised business of the Licensee.
3. If any new code of practice and standard of performance exceeds any of the Licensee's contractual agreements pre-dating the Licence, the Licensee shall be given reasonable time to comply with such code of practice or standard of performance.
4. Notwithstanding paragraph 1 of this Condition, the Authority may by written notification, exempt the Licensee from compliance with any code of practice or standard of performance, in whole or in part, and subject to such terms and conditions as the Authority may determine.
5. The Licensee may propose modifications to a code of practice or standard of performance that is in force at the relevant time by notifying the Authority in writing of the proposed modification. The Authority shall:
  - (a) review the proposed modification to a code of practice and determine whether the proposed modification should be made, in accordance with the code modification process set out in the relevant code; or
  - (b) review the proposed modification to a standard of performance and determine whether the proposed modification should be made.
6. (1) The Licensee shall not:
  - (a) with regard to its authorised business or Singapore's gas industry:

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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- (i) make, prepare, attest to or certify, orally or in writing, any representation or statement that is false, incorrect or misleading or open to misconstruction by any person; or
  - (ii) make any representation or statement, orally or in writing, or give any answer, orally or in writing, or otherwise conduct itself in a manner that is likely to mislead any person; or
- (b) mislead or confuse any person about its authorised business.
- (2) If the Authority is satisfied that the Licensee is contravening or has contravened any provision of sub-paragraph (1), the Authority may, by notice in writing to the Licensee, direct the Licensee to take such steps, as are specified in such direction, to correct such false, incorrect or misleading representations, statement or answer or to correct such confusion, including without limitation, by requiring the Licensee to publish a correction or to write to such persons to correct facts within a specified period of time as directed by the Authority.
- (3) The Authority may take enforcement action against the Licensee in accordance with the provisions of the Act if the Licensee fails to comply with the direction of the Authority issued under sub-paragraph (2) above.

### **Condition 5: Risk Management and Insurance**

- 1. The Licensee shall adopt and implement reasonable and prudent policies in relation to the management and insurance (including self-insurance) of risks associated with its authorised business.

### **Condition 6: Preparation for Emergencies and Security Arrangements**

- 1. The Licensee shall take such action as the Authority may reasonably require, to plan and prepare for emergencies, including taking part in tests and exercises.
- 2. The Licensee shall develop and implement such arrangements as are prudent to ensure the safety and, where reasonably practicable, the continuity of its operations in the event of an emergency.

### **Condition 7: International Obligations**

- 1. The Licensee shall exercise its rights and powers and perform its duties and obligations under this Licence in a manner which is consistent with the Government's obligations:

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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- (a) by virtue of the Government being a member of an international organisation or a party to an international agreement; or
- (b) to attain or facilitate the attainment of that which is requisite and expedient in view of the Government being a member of such an organisation or a party to such an agreement,

to the extent that the Licensee has notice of such membership or agreement pursuant to paragraph 2 of this Condition.

- 2. The Authority shall notify the Licensee from time to time of any membership or agreement to which paragraph 1 of this Condition applies.
- 3. The Licensee may apply to the Government for compensation or grant to offset any loss or damage sustained as a result of complying with paragraph 1 of this Condition based on an audited claim submitted by the Licensee for such loss or damage.

### **Condition 8: Investigation of Offences**

- 1. The Licensee shall monitor its activities with respect to compliance with this Licence or with the relevant legislation and shall report any suspected non-compliance to the Authority. The Licensee shall also submit quarterly, or at such other frequency as notified by the Authority in writing, a compliance statement to the Authority that it has complied with the requirements in this Licence or describing any cases of any suspected non-compliance.
- 2. Where it comes to the attention of the Licensee that another gas licensee has breached its gas licence or relevant legislation or any other person has breached the relevant legislation, the Licensee shall report any suspected non-compliance to the Authority.
- 3. Where the Licensee reports suspected non-compliance by itself, another gas licensee or any other person pursuant to paragraph 2 above, or requests the Authority to institute a prosecution against any person for contravening a provision of relevant legislation in relation to the gas licensee's authorised business, the Licensee shall furnish to the Authority as soon as reasonably practicable:
  - (a) a written report on the suspected non-compliance or contravention; and
  - (b) any relevant information and evidence in the possession or control of the Licensee for the prosecution and conviction of the suspect.

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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4. Where the Authority receives any information from any person other than the Licensee indicating that an offence under relevant legislation may have been committed in respect of activities or property belonging to or managed by the Licensee, the Authority may, subject to Section 5 of the Act, inform the Licensee of such information and the Licensee shall furnish to the Authority as soon as reasonably practicable:
  - (a) a written report on the suspected offence; and
  - (b) any relevant information and evidence in the possession or control of the Licensee for the prosecution and conviction of the suspect.
5. The Licensee and its directors and officers shall give full assistance and cooperation to the Authority and its prosecuting officer or counsel in connection with any prosecution proceedings arising from paragraphs 1 through 4 of this Condition.

### **Condition 9: Information, Access and Audit Rights of the Authority**

1. The Licensee shall promptly inform the Authority of any circumstances that result, or are likely to result, in a change in any information provided by the Licensee to the Authority and shall provide updated information to the Authority in a timely manner.
2. Without prejudice to the powers of the Authority to call for information under or pursuant to any other conditions in this Licence or the relevant legislation, the Licensee shall, at its own cost, furnish to the Authority such information as the Authority requires pursuant to Section 4 of the Act and in such form as the Authority requires.

### **Condition 10: Payment of Fees**

1. The Licensee shall, at the times stated hereunder, pay to the Authority fees in the amount specified in, or determined under, paragraphs 2 to 5 of this Condition.
2. The Authority shall, after the issuance of this Licence, notify the Licensee in writing of the initial fee to be paid and the Licensee shall pay such fee to the Authority within thirty (30) calendar days.
3. The Authority shall notify the Licensee on or before the 1st of April of each subsequent year in which this Licence is in effect of the fee to be paid and the Licensee shall pay such fee to the Authority on or before 30th of April of each such subsequent year.
4. Without prejudice to any other powers of the Authority under this Licence or the Act, if the Licensee fails to pay in full any fee due pursuant to this Condition on or before the due date for payment thereof, the Licensee shall pay to the

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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Authority interest at the Prescribed Rate described in paragraph 5 below, which interest shall accrue daily on the amount unpaid on and from such due date to the date of actual payment and shall be compounded monthly at the end of each calendar month.

5. The Prescribed Rate shall be the rate which is four percentage points (4%) above the arithmetic average of the rates quoted in Singapore by DBS Bank Limited, Overseas-Chinese Banking Corporation Limited and United Overseas Bank Limited (or such other banks as the Authority may specify in writing from time to time) as being the respective prime lending rates of such banks for each day of the period for which interest accrues, and in respect of any day during such period which is not a day for which such a rate is quoted, the last preceding rate quoted shall apply.

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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### **PART III: SPECIAL CONDITIONS APPLICABLE TO THE IMPORTATION OF NATURAL GAS**

#### **Condition 11: Gas Sale Agreements for Import of Natural Gas**

1. The Licensee shall not:
  - (a) enter into any new Gas Sales Agreement or vary the quantity of gas imported or to be imported under any Gas Sales Agreement set out in Schedule A; and
  - (b) resell or in any other manner transfer, directly or indirectly, to any other party, natural gas imported or to be imported under any Gas Sales Agreement other than the Existing Gas Sales Agreements,without the prior written approval of the Authority.
2. Any approval granted by the Authority under paragraph 1 above shall be subject to such terms and conditions as the Authority may determine.

#### **Condition 12: Import Quantity**

1. The Licensee shall at all times ensure that the quantity of natural gas imported is:
  - (a) limited to the Import Quantity for each Gas Sales Agreement as set out in Schedule A; and
  - (b) only for such purposes and subject to such terms and conditions as approved by the Authority pursuant to Condition 11.
2. The Licensee may apply for the approval of the Authority to revise the Import Quantity in Schedule A. Upon the written approval of the Authority, the revised Import Quantity for that Gas Sales Agreement shall be deemed to form part of Schedule A with effect from such date as specified by the Authority in its approval.

#### **Condition 13: Provision of Information and Data of the Authorised Business**

1. The Licensee shall submit a statement to the Authority, monthly or at such other frequency as notified to the Licensee by the Authority in writing, showing for each Gas Sales Agreement:
  - (a) the actual quantity of natural gas imported for each of its customers or in such aggregated form as may be approved by the Authority; and
  - (b) the total actual quantity of natural gas imported by the Licensee.

## **GAS LICENCE FOR GAS IMPORTER LICENSEE**

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2. The Licensee shall at its own cost, as soon as reasonably practicable and in any event no later than two (2) weeks of the Authority's notification in writing, provide information reasonably required by the Authority for the purpose of verification of the statement submitted under paragraph 1. The information required may include an auditors' report certifying the accuracy of the respective quantities, gas metering data, gas sales invoices and such other information as may be reasonably required by the Authority from time to time to verify the actual quantity of natural gas imported for by the Licensee under each Gas Sales Agreement.
3. For the purposes of paragraph 1 of this Condition:  
"customer" means any person who purchases natural gas from the Licensee.