

Licence No. EMA/GR/002

Gas Licence for Gas Retailer Licensee

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

SembCorp Gas Pte Ltd

GAS LICENCE FOR GAS RETAILER 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 (the “Licensee”), a company incorporated in the Republic of Singapore with Registration Number 199704333H, a gas licence (the “Licence”) authorising the Licensee to retail natural gas in the shaded areas of Schedule 1, 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 shall be for a term of ten (10) years. The Licensee may, not later than two (2) years prior to the expiry of this Licence, apply to the Authority for a renewal of the Licence. The renewal shall be on such terms and conditions as the Authority deems fit and will be notified to the Licensee, in writing, not later than one and a half (1½) years prior to the expiry of this Licence.
4. The Authority may at any time during the term of this Licence 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.

31st March 2008

Khoo Chin Hean

Chief Executive

Energy Market Authority of Singapore

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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:

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| “Act” | means the Gas Act (Cap. 116A); |
| “authorised business” | means the Licensee’s natural gas retail business; |
| “Gas Metering Code” | means the code of practice that sets out the obligations of the Licensee to comply with the standards and procedures for meter installations and meter data; |
| “Gas Retailer Code of Conduct” | means the code of practice that describes the minimum standards of performance in accordance with which the Licensee is required to conduct its natural gas retail business; |
| “Gas Supply Code” | means the code of practice that sets out the obligations of gas licensees to comply with the standards and procedures for the safe operation of the gas supply system; |
| “natural gas retail business” | means the Licensee’s business of retailing natural gas and its related activities in connection to the retail of natural gas; |
| “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 |

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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;

“retail consumer”

means a consumer who is not a direct access customer;

“retail contract”

means a contract between the Licensee and a retail consumer for the retail of gas; and

“subsidiary”

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

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
 - (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.

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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 the 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 retailer or any person exempted from the obligation to hold a gas retailer's licence 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 (Cap. 89A).
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:
 - (a) any other gas retailer or any person exempted from the obligation to hold a gas retailer's licence 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 (Cap. 89A).
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 4: Codes of Practice

1. The Licensee shall be subject to and shall comply with:

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- (a) the Gas Supply Code;
 - (b) the Gas Metering Code;
 - (c) the Gas Retailer Code of Conduct; and
 - (d) any other 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. The Licensee shall as soon as reasonably practicable and in any event no later than ninety (90) days after the date of grant of this Licence submit to the Authority proposed standards of performance relating to its authorised business.
5. The Licensee shall within ninety (90) days after the start of its financial year or within thirty (30) days of such other date as stipulated by the Authority, submit to the Authority a report indicating the performance of the Licensee during the previous financial year compared with the agreed performance standards established pursuant to this Condition. The Licensee shall, if required by the Authority, publish these details in a manner to be determined by the Authority.
6. 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.
7. 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.
8. (1) The Licensee shall not:
 - (a) with regard to its authorised business or Singapore's gas industry:

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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 the 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.

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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:
 - (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.

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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 of the amount specified in, or determined under, paragraphs 2 to 4 of this Condition.
2. 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.
3. 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 Authority interest at the Prescribed Rate described in paragraph 4 below, which interest shall accrue daily on the amount unpaid on and from such due date to

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the date of actual payment and shall be compounded monthly at the end of each calendar month.

4. 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.

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PART III: SPECIAL CONDITIONS APPLICABLE TO THE RETAIL OF GAS

Condition 11: Authorisation of Officers and Powers of Entry

1. The Licensee shall prepare a plan, setting out the manner in which the Licensee and its employees, officers and agents shall conduct themselves when entering the premises of a retail consumer to whom the Licensee retails gas, including:
 - (a) setting out how the Licensee shall comply with Section 61 of the Act;
 - (b) setting out the steps that the Licensee must take to secure that any officer nominated by the Licensee to the Authority for appointment as an authorised officer under Section 3(2) of the Act and for the purposes of this Condition, possesses the appropriate and necessary expertise to perform the tasks that an authorised officer may be required to perform;
 - (c) ensuring that a member of the public may readily confirm the identity or authority of an authorised officer of the Licensee, by means of the use of identity cards, uniforms and marked vehicles; and
 - (d) ensuring that such identity cards, uniforms and marked vehicles are not misused,and publish the plan in a manner which will, in the reasonable opinion of the Licensee, secure adequate publicity for it.
2. The plan shall be prepared by the Licensee:
 - (a) by a date specified by the Authority or by such other date as proposed by the Licensee and approved by the Authority, whose approval shall not be unreasonably delayed or withheld; and
 - (b) in consultation with the Authority.

Condition 12: Provision of Information to Gas Transporter or Gas Transport Agent

1. The Licensee shall provide to the gas transporter or gas transport agent information reasonably requested by the gas transporter or the gas transport agent:
 - (a) for the purpose of enabling the gas transporter or the gas transport agent to fulfil its licence obligations for the safe operation, development or maintenance of any gas pipeline network;
 - (b) for the purpose of preventing or detecting theft of gas, fraud in relation to gas trading or gas escapes; or

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- (c) as required pursuant to the Gas Metering Code, the Gas Retailer Code of Conduct and/or the Gas Supply Code.
2. This Condition shall not require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in civil proceedings before any Singapore court.

Condition 13: Provision of Expert Advice

1. The Licensee shall provide expert advice when required by the Authority in the drafting and subsequent reviews of codes of practice for use by Professional Engineers or gas service workers on the design, construction, inspection, testing, operation and maintenance of high pressure, medium pressure or low pressure gas installations, gas fittings and gas appliances in protecting the public and consumers from dangers arising from the use of gas.
2. The Licensee shall provide expert advice to the Authority in the periodic reviews of training syllabi and materials for the training or re-training of gas service workers and assist the Authority in responding to queries pertaining to practices or technical guidelines imposed by the licensees from the training institutions that the Authority may appoint for the training or re-training of gas service workers.

Condition 14: Efficient and Safe Use of Gas

1. The Licensee shall at all times use reasonable endeavours to provide its retail consumers with advice on the efficient and safe use of gas, given or prepared by a suitably qualified person.
2. The Licensee shall maintain adequate resources and has in place suitable procedures and practices for the safe use of gas to fulfil its obligations under the relevant legislation and codes of practice.

Condition 15: Attendance to Gas Escapes and Supply Source Disruption

1. This Condition shall apply in the case of a gas supply system emergency resulting from an escape, suspected escape or supply source disruption, of gas in the gas supply system, that is to say, where the circumstances are such that, in the opinion of the gas transporter or gas transport agent:
 - (a) the safety of its gas supply system or any part of its gas supply system is significantly at risk;
 - (b) the safe conveyance of gas by its gas supply system is significantly at risk;

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- (c) the gas conveyed by its gas supply system is at such a pressure or of such a quality as to constitute, when supplied to premises, a danger to life or property; or
- (d) the safe recovery of its gas supply system from a gas supply source disruption is significantly at risk,

and that opinion is not unreasonable.

2. Where the Licensee is notified that this Condition applies, the Licensee shall make best endeavours to comply immediately with all requests made by the gas transporter or gas transport agent (provided such requests are not unreasonable) for the purpose of, as may be appropriate:

- (a) averting or reducing danger to life or property; or
- (b) securing the safety of the gas supply system or reducing the risk to it.

3. The Licensee shall

- (a) obtain from the gas transporter or gas transport agent a telephone number continuously attended for the purposes of reporting escapes of gas; and
- (b) notify each retail consumer:
 - (i) the telephone number obtained from the gas transporter or gas transport agent under paragraph (a) for the purposes of reporting escapes of gas; and
 - (ii) that it should report to the gas transporter or gas transport agent immediately if there is an escape, or suspected escape, of gas.

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Schedule 1: SERVICE AREAS

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SCHEDULE 1:

