



DECISION PAPER

PROPOSED MODIFICATIONS TO GAS SUPPLY CODE

9 SEP 2019

ENERGY MARKET AUTHORITY
991G Alexandra Road #01-29
Singapore 119975
www.ema.gov.sg

Disclaimer:

The information in this Decision 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 Decision Paper.

1 Introduction

- 1.1 The Gas Supply Code (“Code”) sets out the obligation of gas licensees to comply with the standards and procedures for the safe and reliable operation of the gas supply system.
- 1.2 The Code also describes the rights and obligations of the gas licensees in respect of the conveyance of gas and provision of gas supply.

2 Proposed Modifications

- 2.1 The proposed modifications are to ensure that the Gas Transporter prepares plans for managing gas-related activities, including the import of gas, and the protection of the public from dangers (including to health) therefrom.

3 Public Consultation

- 3.1 Pursuant to Clause 1.6 of the Code, EMA had on 12 Jun 2019 sought written representations on the proposed modifications of the Code. Written representations from Gas Supply Pte. Ltd and Pavilion Gas Pte. Ltd. were received when the consultation closed on 11 Jul 2019.
- 3.2 Appendices 1 and 2 set out the modifications to the Code (taking into account the written representations), and EMA’s response to the written representations respectively.

4 EMA’s Decision

- 4.1 EMA has carefully considered the written representations from the respondents and has decided to modify the Code as set out in Appendix 1. The proposed Code modifications will come into effect on 18 Sep 2019.

Appendix 1 Proposed Modifications to the Gas Supply Code

<u>Modification Ref. No.</u>	<u>Clause*</u>	<u>Original Text</u>	<u>Modification</u>
GSC/2019/1	5.2.1	<p>Gas Supply Pte. Ltd and Pavilion Gas Pte. Ltd.</p> <p>The gas transporter shall prepare a gas safety plan, in consultation with the Authority and any other relevant authority as the Authority deems fit, setting out:</p> <p>(a) procedures to meet the gas transporter’s duties under the Act and Regulations for the gas safety of the general public, retail consumers, shippers and the gas transporter’s employees, officers and agents;</p> <p>(b) advice on the potential dangers arising from gas escapes and safety measures to be taken by retail consumers and shippers to minimise such dangers; and</p> <p>(c) details of its proposed public safety awareness campaign relating to the use of gas for retail consumers within its authorized area.</p>	<p>The gas transporter shall prepare a gas safety plan, in consultation with the Authority and any other relevant authority as the Authority deems fit setting out <u>the following, for the Authority’s approval:</u></p> <p>(a) procedures to meet the gas transporter’s duties under the Act and Regulations for the gas safety <u>(including protection from danger to health)</u> of the general public, retail consumers, shippers and the gas transporter’s employees, officers and agents. <u>The gas transporter shall provide, to the Authority, a standing operating plan describing the procedures to be adopted by the gas transporter for dealing with such incidents arising from gas-related activities, including the import of gas; and</u></p> <p>(b) advice on the potential dangers arising from gas escapes and safety measures to be taken by retail consumers and shippers to minimize such dangers; and</p> <p>(c) details of its proposed public safety awareness campaign relating to the use of gas for retail consumers within its authorized area.</p> <p><u>The Authority may approve the plans with such changes as the Authority deems necessary.</u></p>

* With reference to the section of the Gas Supply Code as published on EMA’s website.

Appendix 2 EMA's Response to Written Representations

<u>Modification Ref. No.</u>	<u>Clause*</u>	<u>Written Representations</u>	<u>EMA's Response</u>
GSC/2019/1	5.2.1	<p>Gas Supply Pte. Ltd and Pavilion Gas Pte. Ltd.</p> <p>We note the proposed amendments to the Gas Supply Code are in line with the changes to the Gas Act.</p> <p>We have previously provided our comments to Transporter's Hazardous Substance Response Procedure. To date we have yet to receive any feedback or response to our comments. Following this, we note that Transporter has further proposed mercury limits to the Gas Entry Specifications under the Gas Network Code. Transporter has also absolved itself of any liabilities as a result of such changes.</p> <p>There are no mercury limits in the PNG contracts currently supplying Singapore. These are long term contracts which underpin most of the sales contracts to the rest of the gas industry. The proposed response procedures and amendments to the GNC will leave buyers and sellers on existing commercial and operational arrangements exposed to unacceptable risks and costs in event of curtailment.</p> <p>Continued importation of PNG is critical to the smooth functioning of Singapore's economy for which millions of people depend on for their livelihoods. Curtailment of PNG from existing supply contracts via introduction of new regulations cannot be a viable solution from an</p>	<p>EMA noted GSPL's/PGPL's feedback, including in relation to the potential risks and exposure of various parties if it is necessary for PNG flow to be interrupted in the event of high mercury level in gas supplied to Singapore. We would however emphasize that the changes are necessary to protect consumers and the public from dangers, including and especially to health, arising from the import, conveyance, shipping and supply of gas.</p> <p>On your proposal to install a Mercury Removal Unit ('MRU') at the onshore receiving facility ('ORF'), EMA has assessed that the MRU, if to be installed, will likely be operational only from 2023 at the earliest, around the same time as the expiry of the existing GSA between Pertamina and GSPL/PGPL in 2023. Hence, your proposed MRU will not be available to remove high mercury content in gas supplied to Singapore prior to 2023, if it happens. Moreover, under EMA's PNG Approval Framework, any new or renewal of GSA for the supply of PNG must incorporate mercury limit specification of 10ug/m³ for PNG imported/supplied to Singapore, and as such, MRU will not be required. Furthermore, redundancy consideration will likely require 2 MRUs to be installed at each ORF for removal of mercury content in PNG, which will increase the cost and land requirements. There are also environmental, health and safety concerns relating to the disposal of concentrated mercury waste from operation of the MRU</p>

* With reference to the section of the Gas Supply Code as published on EMA's website

	<p>energy security standpoint. This is especially so if it leaves most of the industry with unacceptable risk exposures. Instead, we urge EMA to consider the installation of a Mercury Removal Unit at the onshore receiving facilities. This is a long term and cost efficient solution which meets the needs of industry players and will be effective even if contractual arrangements to limit mercury specs fail.</p>	<p>that would need to be addressed.</p> <p>In view of the above considerations, EMA's assessment is that it is not cost effective or practicable to install MRUs at the ORF. Importers and/or shippers are advised to work with their upstream gas sellers to put in place measures at their end to prevent the supply of high mercury content gas to Singapore.</p>
--	---	--