



Information paper:
Policy On Direct Supply of Electricity
By Generating Sets To On-site Loads

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ENERGY MARKET AUTHORITY OF SINGAPORE

POLICY ON DIRECT SUPPLY OF ELECTRICITY BY GENERATING SETS TO ON-SITE LOADS

Aim

This paper is to set out the Authority's policy on direct supply of electricity by generating sets ("gensets") to on-site loads not requiring transmission system resources

On-Site Load Policy

2 A genset may supply part of its generation output directly to an on-site load without going through the transmission system. The principles/conditions behind this policy are discussed below.

Principles

3 The overriding principle is that the Authority cannot compel any party to subscribe to and pay for system resources which it does not require. A party should only be liable to pay for that amount of system resources that it asks for.

4 Accordingly, a party which has access to an on-site source of power, without being connected to the transmission system (and does not incur grid charges), is consistent with this principle.

Conditions for Supplying On-site Loads

5 The genset, the land on which the on-site load and genset are situated, and the facility constituting the load must be majority owned by the same company.

6 The load and the genset must be situated on the same contiguous piece of land. Further, the cables connecting the load to the genset must not run through or across any third party land that does not belong to the owner of the genset.

7 Accordingly, the Authority would consider the situation where one or more cables owned by any party other than the transmission licensee connect two separate plots of land, as an attempted entry into the grid business. This will not be allowed.

8 The genset shall register at the wholesale market and shall sell all their generation output to the wholesale electricity market in accordance with the Market Rules. All loads including on-site loads shall purchase electricity from the market in accordance with the Market Rules.

9 The company owning the genset must hold an electricity licence that allows the company to generate electricity and supply electricity to its on-site load.

10 In the context of this policy, energy from the genset to the on-site load is energy that is not transported through the transmission system. What the on-site load pays for the energy it uses, therefore has to be the same as what the genset is paid. However under the Market Rules, generation is paid the nodal price. Loads pay USEP (Uniform Singapore Energy Price). The market will make adjustments to correct the difference between nodal price and USEP for such kinds of on-site loads. This has been under discussion since last year and the Energy Market Company will be proposing Rules change to enable this adjustment mechanism.

Technical requirements for On-site Loads

11 The on-site load which does not require transmission system resources must be interlocked such as to ensure no supply of electricity can be taken from the transmission system. Please see the attached diagram in Annex A for an illustration of this relationship.

12 If a back-up supply of electricity is required, the load can (like any other consumer) enter into a contract with the transmission licensee to take care of its back-up requirements.

Further Perspective

13 The policy on direct supply of electricity by gensets to on-site loads is an existing one and had already been applied to some private sector companies.

14 From the perspective of the development of the electricity market, the policy would pave the way forward, towards commercial innovation and further competition.

Note:

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