



LICENCE NO. **EMA/TE/002**

TYPE **TRANSMISSION**

LICENSEE **SP POWERASSETS LIMITED**

NOTIFICATION NO. **2**

1. Pursuant to Condition 2: Authorised Activities of the Electricity Licence (EMA/TE/002), SP PowerAssets Limited is hereby notified that SP PowerAssets Limited will be allowed to engage in the activities of:

- (i) leasing and licensing SP PowerAssets Ltd's surplus cable pipes and spare space in substations for telecommunications use; and
- (ii) leasing and licensing SP PowerAssets Ltd's spare substation space at Labrador 400kV Substation to SP Services Ltd for its Disaster Recovery Centre

(the "Leasing Business") subject to the following terms and conditions:

(1) Leasing Charges

SP PowerAssets Ltd shall lease its surplus cable pipes and spare space in substations at commercial rates such that the internal rate of return from the Leasing Business is no less than SP PowerAssets Ltd's weighted average cost of capital. SP PowerAssets Ltd shall ensure that:

- (i) all losses incurred arising out of the Leasing Business shall not be directly or indirectly passed to the electricity retailers and consumers;
- (ii) the commercial rate which the lessee has to pay shall be reviewed annually;
- (iii) the Leasing Business shall be ring-fenced from its other businesses and separate accounts shall be kept for it; and
- (iv) full financial information on the Leasing Business shall be disclosed to the Authority every half-yearly or at such intervals as the Authority may determine from time to time.

The revenue derived from the Leasing Business in excess of operating costs shall be taken into account for the purpose of price regulation under the Electricity Licence in respect of the authorised business.

(2) Additional Cost

SP PowerAssets Ltd shall ensure that:

- (i) any additional cost, taxes, rates and charges arising out of the Leasing Business; and
- (ii) development charges and increases in the valuation of the substations arising out of the leasing or licensing of the substations for telecommunications use or for use as a Disaster Recovery Centre

shall not be directly or indirectly passed to the electricity retailers and consumers.

(3) Leasing Agreement

SP PowerAssets Ltd shall ensure that the terms and conditions in the Leasing Agreement entered into between SP PowerAssets Ltd and its lessee shall not contravene the terms and conditions of this approval. SP PowerAssets Ltd shall provide and disclose to the Authority such Leasing Agreement and any amendments made to it from time to time.

(4) Confidential Information

SP PowerAssets Ltd shall ensure that confidential information acquired from its authorised business is not disclosed in its conduct of the Leasing Business.

(5) Information Access for the Authority

SP PowerAssets Ltd shall provide:

- (i) accounting statements on the Leasing Business annually together with a report by the Auditors and addressed to the Authority stating whether in their opinion those statements have been properly prepared in accordance with the conditions of this approval;
- (ii) full and up-to-date information of all the surplus cable pipes and substation space leased or licensed to any third party for telecommunications use as required by the Authority from time to time;
- (iii) full and up-to-date information of all the substation space leased or licensed to SP Services Ltd for the setting up of its Disaster Recovery Centre as required by the Authority from time to time; and
- (iv) any information required by the Authority from time to time in connection with the Leasing Business.

(6) SP PowerAssets Ltd's Requirements for Cable Pipes

In leasing out surplus cable pipes, SP PowerAssets Ltd shall ensure that its cable pipe requirements inclusive of contingency needs for the authorised business are fully met at all times. SP PowerAssets Ltd shall bear all costs to recover or replace its cable pipes leased out should these cable pipes be needed for its authorised business. SP PowerAssets Ltd shall not pass directly or indirectly such costs to the electricity retailers and consumers.

(7) Cable Pipe Markings

SP PowerAssets Ltd shall ensure that the markings on its surplus cable pipes for telecommunications use are prominent, permanent and will remain distinguishable from its other cable pipes at all times.

(8) Protection of Cables

SP PowerAssets Ltd shall ensure that its electricity cables and auxiliary cables will not be damaged whenever telecommunications work involving SP PowerAssets Ltd's facilities is carried out.

(9) Permitted Use of Electricity Substations

SP PowerAssets Ltd shall ensure that all electricity substations are used for purposes permitted by the relevant authorities, and in this connection, it shall be the duty of SP PowerAssets Ltd to obtain all the necessary clearances and approvals from such authorities.

(10) Consumer Rights

SP PowerAssets Ltd shall ensure that consumer rights are not prejudiced by the leasing and licensing of its surplus cable pipes and spare space in substations for telecommunications use. SP PowerAssets Ltd shall obtain the consent of the consumer/developer who provided the electricity substation for the supply of electricity before SP PowerAssets Ltd allows any third party to use the spare space in that substation for telecommunications purpose. In the process of obtaining the consent of the consumer/developer concerned, SP PowerAssets Ltd must disclose to such consumer/developer the purpose and the terms SP PowerAssets Ltd requires the third party to comply.

(11) Segregation of Equipment

SP PowerAssets Ltd shall ensure that telecommunications equipment and SP Services Ltd's equipment is segregated from power equipment by physical partition with separate access.

(12) Substation Access

SP PowerAssets Ltd shall ensure that at all times, no person shall have access to its electricity transmission and distribution facilities except for activities on its authorised business. SP PowerAssets Ltd shall ensure that the security of the electricity transmission and distribution facilities is not compromised when allowing access to SP Services Ltd or any third party to the substation premises.

(13) Security of Electricity Supply

In leasing and licensing its surplus cable pipes and spare space in substations for telecommunications use or for SP Services Ltd's Disaster Recovery Centre, SP PowerAssets Ltd shall ensure that it has not done or omitted to do anything that:

- (i) will endanger the security, reliability and stability of electricity supply in Singapore; or
- (ii) is not in compliance with the public interest.

(14) Duration of Approval

The Authority may terminate this approval if SP PowerAssets Ltd contravenes any term or condition of this approval by giving SP PowerAssets Ltd six months notice in writing. Unless this approval is terminated by the Authority, this approval shall be valid for an initial period of five years and thereafter may be renewed from time to time on such terms and conditions as the Authority deems fit for a period of not less than five years for each renewal. SP PowerAssets Ltd shall apply for the renewal of this approval one year before the expiry date of this approval. If this approval is terminated or not renewed by the Authority, then SP PowerAssets Ltd shall ensure that all telecommunications cables, plant and equipment of the lessee shall be removed from the spare cable pipes and substation space leased or licensed to the lessee within a period of six months or such other period as the Authority may allow.

(15) Extent of Relief

Subject to the extent SP PowerAssets Ltd is allowed to engage in the Leasing Business under Condition 2 of its Electricity Licence as specified in this approval, SP PowerAssets Ltd shall continue to observe all the terms and conditions of its Electricity Licence.

(16) Penalty

Any contravention of the conditions set out in this approval shall be dealt with in accordance with Section 14 of the Electricity Act.

(17) Remedial Steps

Where contravention of any of the conditions has occurred, SP PowerAssets Ltd shall take all necessary remedial steps and action to bring such contravention to an end without delay at its own costs and expenses and such costs and expenses shall not be directly or indirectly passed to electricity retailers and consumers.

(18) General

For avoidance of doubt, this approval shall form an integral part of the Electricity Licence and any contravention of the terms and conditions of this approval shall be deemed to be contravention of the condition under the Electricity Licence. Any word or expression used in this approval shall, unless the contrary intention appears, have the same meaning as that used in the Electricity Licence.

2. This Notification shall come into effect on the date set out below.

10 September 2004

KHOO CHIN HEAN
Chief Executive
Energy Market Authority of Singapore