

## Media Release

13 December 2021

### **Introduction of the Temporary Electricity Contracting Support Scheme *Update on Measures to Enhance Singapore's Energy Security and Resilience***

Over the past few months, global gas prices have risen to record levels due to unanticipated demand for gas and disruptions in gas supply. In Singapore, the risk of disruption to our piped natural gas (PNG) supply has risen due to upstream production issues in Indonesia's West Natuna gas fields and low gas landing pressure from South Sumatra. As a result, the Singapore Wholesale Electricity Market (SWEM) has experienced unprecedented volatility. The Energy Market Authority (EMA) had announced a set of measures to enhance Singapore's energy security and resilience in October 2021. EMA will further launch a new Temporary Electricity Contracting Support Scheme (TRECS) to help large consumers who are not able to obtain retail contracts.

#### **Impetus for the Temporary Electricity Contracting Support Scheme (TRECS)**

2. Most consumers are not affected by the price volatility in the SWEM as they are on standard price plans (i.e. those on fixed price and discount-off-tariff plans) with retailers or on the regulated tariff rate. Only around 1% of consumers buy electricity directly from the SWEM and are exposed to the volatile prices.

3. However, EMA has received feedback that some large businesses are facing difficulties in renewing their contracts or obtaining new contracts, especially for the next three months. The volatile gas and electricity prices, and risk of PNG disruptions, have limited the retailers' ability to offer fixed price contracts.

#### **Introduction of TRECS**

4. To address this, EMA has worked with Generation Companies (gencos) and electricity retailers to offer one-month fixed price plans for January 2022 to large consumers under a new Temporary Electricity Contracting Support Scheme

(TRECS).<sup>1</sup> Gencos will be able to draw on EMA's standby fuel facility to generate electricity, hence reducing the risk that PNG disruptions might present to gencos. Three retailers are participating in TRECS: Geneco (by Seraya Energy Pte Ltd), Sembcorp Power Pte Ltd, and Senoko Energy Supply Pte Ltd. They have collectively offered around 300MW of power capacity for the scheme.

5. TRECS provides a viable option for companies which want to reduce their exposure to volatile electricity prices but face difficulty in securing electricity contracts. It is not mandatory for large consumers to participate in this scheme. Large consumers should continue to engage retailers on alternative pricing arrangements that best suit their needs. The sign-up period for these plans is from 15 December to 27 December 2021, 3.00pm. Further details on TRECS are available on EMA's website (<https://go.gov.sg/treecs-large-business-consumers>).

6. EMA will consider extending TRECS if there is demand in the months ahead.

### **Update on Measures to Enhance Singapore's Energy Security and Resilience**

7. TRECS addresses the market between retailers and larger consumers. EMA had also put in place upstream measures to secure our electricity supply<sup>2</sup>:

- a. Established a Standby LNG Facility (SLF), which gencos can draw from to generate electricity when their natural gas supplies are disrupted. This is the same facility which gencos draw fuel for TRECS.
- b. Directed gencos to maintain sufficient fuel for power generation, based on their available generation capacity<sup>3</sup> for power generation, from 1 January 2022 to 31 March 2022. This requirement is in addition to the existing requirement of having fuel reserves that they are required to maintain under their licences.
- c. Put in place measures to better manage the gas network pressure, as ongoing upstream production issues in Indonesia's West Natuna gas fields and low gas landing pressure from South Sumatra are expected to continue to affect the PNG supply into Singapore.
- d. To maintain power system security and reliability, EMA will direct gencos to generate electricity using the gas from the SLF pre-emptively, if there are

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<sup>1</sup> Large consumers are those who have an average monthly consumption of at least 4 megawatt-hour (MWh).

<sup>2</sup> [Pre-emptive Measures to Enhance Singapore's Energy Security and Resilience](#)

<sup>3</sup> Refers to a genco's available combined cycle gas turbine (CCGT) generation capacity, excluding capacity on planned maintenance.

potential shortages in energy supply in the SWEM. EMA has consulted the gencos on the framework and will be issuing a final determination soon.

8. EMA will review if these measures are still needed by 31 March 2022.

9. Second Minister for Trade and Industry Dr Tan See Leng said, “The world is undergoing an energy crunch and electricity prices are rising in many countries. We cannot insulate Singaporeans completely from the higher prices. But we can and will continue to ensure that consumers have access to the electricity supply and plans they need. TRECS is another step in this direction. We will also help vulnerable consumers cope with the higher costs. We hope that consumers can also help us in conserving electricity use where they can.”

10. EMA is committed to ensuring that Singapore's power supply remains secure and reliable. EMA will continue to monitor market developments and review or introduce further measures if necessary. At the same time, all consumers are encouraged to do their part to conserve energy where possible.

#### ANNEX A: Measures to Enhance Energy Security and Resilience

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#### **About the Energy Market Authority**

The Energy Market Authority (EMA) is a statutory board under the Singapore Ministry of Trade and Industry. Through our work, we seek to forge a progressive energy landscape for sustained growth. We aim to ensure a reliable and secure energy supply, promote effective competition in the energy market and develop a dynamic energy sector in Singapore. Visit [www.ema.gov.sg](http://www.ema.gov.sg) for more information.

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**Measures to Enhance Energy Security and Resilience**

EMA is working with industry stakeholders on four measures to further secure our fuel and electricity supply. These measures are explained below.

1. EMA has established a Standby LNG Facility (SLF) which gencos can draw upon if needed to generate electricity. EMA is working closely with all gencos to track their fuel supply levels and generating capacity, and will provide fuel from the SLF to them if gas supply are affected, and when the supply is needed to ensure reliable electricity supply to consumers in Singapore. The SLF supports the implementation of the Temporary Electricity Contracting Support Scheme (TRECS).
2. To complement the SLF, EMA has directed gencos to procure sufficient fuel to generate electricity based on their available generation capacity. In addition, any genco that wishes to sell excess fuel to any third-party, will notify EMA of any intent to do so in order for EMA to facilitate and prioritise such sale of fuel for power generation.
3. EMA has also put in place measures to better manage the gas network pressure, as ongoing upstream production issues in Indonesia's West Natuna gas fields and low gas landing pressure from South Sumatra are expected to continue to affect the PNG supply into Singapore. This allows EMA to arrest the decay of landing pressure earlier, thus mitigating the need for more significant gas curtailments should gas pressures reach critical levels which would have a larger impact on gencos and the power system.
4. EMA has also been working with gencos and intends to direct them to generate electricity using fuel from the standby fuel facilities pre-emptively, if there are potential shortages in energy supply into the Singapore Wholesale Electricity Market. EMA has consulted the gencos on the framework and will be issuing a final determination soon.