

## Media Release

31 March 2022

### **Extension of Measures to Enhance Singapore's Energy Security and Resilience**

The Energy Market Authority (EMA) will be extending its measures to safeguard Singapore's energy security and resilience until 30 June 2022 in view of the global energy crunch and the conflict in Ukraine. EMA will monitor the situation and consider extending the measures further if necessary, depending on the global energy situation and its impact on Singapore.

#### **Developments in the Global and Domestic Energy Sector**

2. The world has been facing an energy crunch since September 2021. Global gas prices had increased significantly due to high demand and tight gas supply. The conflict in Ukraine has further exacerbated the risk of disruptions in gas and oil.
3. Around 95% of Singapore's electricity is generated from imported natural gas. The surge in global energy prices will lead to substantially higher costs of electricity generation. The impact is most immediate on the 1% of consumers who buy electricity directly from the Singapore Wholesale Electricity Market (SWEM). However, over time, most consumers will have to face higher electricity bills when they renew their electricity contracts, or in the case of regulated tariff consumers, during the quarterly tariff adjustments.

#### **Extension of EMA's Measures to Secure our Energy Supply and Stabilise Energy Market**

4. While we cannot shield consumers from higher electricity prices, it is vital that the global volatility does not disrupt our electricity supply and impair the functioning of our energy market. Since October 2021, EMA has put in place a set of measures to secure Singapore's energy supply, and ensure the orderly functioning of the wider energy sector:
  - a. Established a Standby LNG facility (SLF), which generation companies (gencos) can draw from to generate electricity when their natural gas supplies are disrupted.

- b. Directed gencos to maintain sufficient fuel for power generation, based on their available generation capacity<sup>1</sup> for power generation. This is in addition to the existing requirement of having fuel reserves that gencos are required to maintain under their licences.
- c. Modified Market Rules to enable EMA to direct gencos to generate electricity using the gas from the SLF pre-emptively, if there are potential shortages in energy supply in the SWEM, to maintain power system security and reliability.

5. These measures have helped to ensure sufficient fuel and electricity supply, and stabilised the Uniform Singapore Energy Price (USEP) to around the cost of electricity production – an average of \$350/MWh in 1Q2022, compared to an average of \$460/MWh in 4Q2021. In the coming months, further increases in fuel prices may increase the cost of electricity production and thus, USEP.

6. Since January 2022, EMA has also worked with electricity retailers and gencos to help large consumers<sup>2</sup> secure fixed price plans and retail contracts with significant fixed price component through the Temporary Electricity Contracting Support Scheme (TRECS). Thus far, participating gencos and retailers have been providing sufficient supply under TRECS to meet demand, on a voluntary basis.

7. EMA has also worked with Sembcorp Power and Keppel Electric to offer long-term fixed price plans for business consumers with an average monthly consumption from 4 megawatt-hour (MWh) to 50MWh. These plans range from 6 months to 3 years, with the fixed electricity rate for 2- and 3-year plans priced at 25 cents/kWh, excluding third-party charges such as transmission charges and market charges. Eligible consumers who wish to have greater price certainty can consider signing up for these fixed price plans.

8. In view of the protracted global energy crunch, EMA will extend all measures in **para 4** and TRECS (including contracts with significant fixed price component), until end-June 2022. EMA will monitor the situation and consider extending the measures further or introduce new measures if necessary.

### **Support for Consumers**

9. The Government recognises the cost pressures faced by households and businesses and will continue to support vulnerable consumers. The Household

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<sup>1</sup> Refers to a genco's available combined cycle gas turbine (CCGT) generation capacity, excluding capacity on planned maintenance.

<sup>2</sup> Refer to consumers with average monthly consumption of at least 4MWh.

Support Package introduced as part of Budget 2022 will help eligible households – which will receive double the quantum of their quarterly U-Save vouchers in 2022 – defray the costs of higher electricity bills. Businesses which need financing support can tap on loan programmes offered by Enterprise Singapore.

10. We also urge consumers to do their part to conserve energy where possible. Eligible firms can tap on National Environment Agency’s (NEA) Energy Efficiency Fund to help defray the cost of adopting energy-efficiency technologies. Households can reduce their energy consumption by using energy-efficient appliances and adopting energy saving habits. Those staying in 1- to 3-room HDB flats could receive e-vouchers under the Climate Friendly Households Programme by NEA and PUB to offset the cost of purchasing water- and energy-efficient household products.

11. Our energy market is being tested by unprecedented shocks and volatility in the global energy markets. Nevertheless, EMA is committed to ensuring that Singapore’s power supply remains secure and reliable, and to supporting consumers through this period.

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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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