



Smart Energy, Sustainable Future

MEDIA RELEASE

1 February 2023

Proposed Changes to Strengthen Protection for Electricity Consumers

The Energy Market Authority (EMA) is seeking views and feedback from the public and industry on its proposed enhancements to the electricity retailer regulatory framework.

2 The electricity retail market has been progressively liberalised since 2001 to provide consumers with a wider range of retail price plans. With the nationwide rollout of the Open Electricity Market (OEM) in 2018, all consumers, including households and small business consumers have had the option of buying electricity from retailers. Consumers have benefited from the competition.

3 In October 2022, the Ministry of Trade and Industry (MTI) announced that EMA would introduce guardrails to strengthen the existing competitive market structure and ensure that Singapore is well-positioned to navigate the energy transition. This includes enhancing the regulatory requirements on electricity retailers to strengthen consumer protection and ensure that they are sufficiently resilient against market volatility.

4 EMA will be launching a public consultation from 1 February 2023 to 3 March 2023 to seek comments and feedback on the proposed enhancements to the regulatory regime for electricity retailers.

5 The proposed enhancements are intended to:

- a. Ensure electricity retailers are credible and have sufficient financial standing by requiring them to have a paid-up capital (PUC) or Tangible Net worth (TNW) of at least \$1 million;

- b. Ensure electricity retailers are run by fit and proper individuals, EMA is proposing to require all retailers to seek approval to appoint Key Appointment Holders;
- c. Strengthen the resiliency of all retailers, in particular their ability to withstand market volatility, to safeguard the relative stability of the retail market. EMA is proposing to impose hedging requirements for all retailers; and
- d. Enhance consumer protection against premature termination of contracts by retailers, such as by requiring retailers that impose early termination charges on consumers to similarly compensate consumers in the event of early termination.

6 Further details about the proposed enhancements can be found on the EMA website (<https://go.gov.sg/ema-consultation-retailer-regulatory-framework>) and the REACH website (<https://go.gov.sg/feedback-electricityretailing>). We welcome views on the proposals presented in the Public Consultation Document. Please submit feedback via email to ema_mdsc_retail@ema.gov.sg by 3 March 2023, 5pm.

Annex: Summary of Current Requirements and Proposed Enhancements

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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 for more information.

Summary of Current Requirements and Proposed Enhancements

Current Requirements	Proposed Enhancements
<p>Presently, EMA requires any person applying for an electricity retailer licence to: (a) demonstrate that the management has at least five years' experience in either energy retailing and/or commodity trading; (b) submit a comprehensive business plan; and (c) provide a viable hedging plan to mitigate the risks of buying electricity from the SWEM to on-sell to consumers.</p>	<p>In addition to the existing requirements, applicants will need to have paid-up capital or Tangible Net Worth (TNW) of at least S\$1 million at the point of application.</p> <p>Existing retailers will have to comply when this requirement when renewing their licences.</p>
<p>Applicants are assessed based on the relevant experience in energy retailing and/or commodity trading of their proposed management.</p>	<p>Applicants will need to seek EMA's approval to appoint any Key Appointment Holder (KAH).</p> <p>For existing retailers, this requirement will be applied for any change in KAH.</p>
<p>Applicants need to provide their hedging and risk management strategy/plan at the point of application for a licence for EMA to assess the robustness of their proposals.</p> <p>Retailers that sell to consumers in the Open Electricity Market (OEM) are required to hedge at least 50% of their OEM retail contracts that are not indexed to wholesale electricity prices.</p>	<p>All retailers are required to hedge at least 80% of all retail contract quantity on a rolling 24-month forward basis. A Performance Bond is required to cover any residual unhedged quantities (i.e. the remaining 20%).</p>
<p>Retailers are presently not obligated to compensate consumers any early termination charges if the termination was for specified reasons attributable to the retailer.</p>	<p>Retailers will be required to compensate consumers if the premature contract termination is attributable to the retailer, and the amount will have to be at least the same as what they levy on consumers for premature termination.</p>