

INTRODUCTION OF ENERGY TRANSITION MEASURES AND OTHER AMENDMENTS BILL

The Ministry of Trade and Industry (MTI) introduced the Energy Transition Measures and Other Amendments Bill (“the Bill”) for First Reading in Parliament today. The Bill will amend the Energy Market Authority of Singapore Act (“EMA Act”), Electricity Act, and Gas Act to:

- (i) Introduce guardrails for our electricity market;
- (ii) Strengthen EMA’s ability to regulate the power sector; and
- (iii) Establish the Future Energy Fund.

2. Power generation, which is primarily from natural gas in Singapore, accounts for about 40% of our carbon emissions. To achieve Singapore’s 2050 net-zero ambitions, we need to decarbonise the power sector while ensuring energy security and cost competitiveness. Developing different decarbonisation pathways will change our energy landscape significantly, including in the way we regulate energy markets and develop our energy infrastructure. We will therefore need to update our regulatory regime to support decarbonisation, ensure energy security, and keep our power sector cost competitive.

Key Features of the Bill

3. We consulted the public and industry stakeholders including power generation companies, gas importers, and businesses on the proposals and incorporated their inputs when finalising the Bill. The key features are as follows:

Proposal 1: Set up the Future Energy Fund under EMA

4. As announced at Budget 2024, the Government will set up a Future Energy Fund (FEF), with an initial injection of \$5 billion, to support investments for Singapore’s energy transition. This will support Singapore’s adoption of low-carbon energy sources, which will likely involve nascent technologies, higher capital expenditures, and exposure to significant commercial and geopolitical risks. The proposed amendments to the EMA Act will establish the FEF under EMA. The Government will ensure prudent use of funds and oversight over projects.

Proposal 2: Establish regulatory regime for centralised gas procurement

5. As announced in October 2023, MTI and EMA intend to establish a Central Gas Entity (CGE) to aggregate the demand for gas from power generation companies and centralise gas procurement for the power sector. This will allow us to benefit from demand aggregation, diversify our energy sources, and ensure that there is sufficient gas to meet our power needs. We will amend the Electricity Act and the Gas Act to (i) empower EMA to regulate the CGE; and (ii) introduce the requirement for power generation companies to procure gas solely from the CGE.

Proposal 3: Allow EMA to recover costs for energy security, market development and decarbonisation related initiatives

6. Amidst the energy transition, EMA may have to implement new initiatives to (i) strengthen energy security; (ii) develop a competitive market; and/or (iii) support the decarbonisation of the power sector. The proposed amendments to the Electricity Act and the Gas Act will allow EMA to recover costs of providing these initiatives from entities and persons who benefit from these initiatives. EMA will exercise these powers for cost recovery only when necessary and with due care, to ensure that energy costs are kept in check. EMA will ensure stakeholders are consulted and given adequate notice prior to introducing new initiatives and associated costs, which will be transparently communicated.

Proposal 4: Facilitate shared access to critical energy infrastructure

7. Critical energy infrastructure refers to installations that are required by licensees to provide electricity and gas supplies. Due to Singapore's limited size, there may be instances where electricity or gas licensees need to access critical infrastructure owned by other persons, in order to carry out their functions. The amendments to the Electricity Act and the Gas Act will allow EMA to direct owners of critical energy infrastructure to enter an agreement with licensees to allow licensees to gain access to critical energy infrastructure. EMA will only issue such directions if access is necessary and in the public interest to ensure energy security and reliability.

Proposal 5: Require owners of key electricity and gas assets to seek approval when repurposing assets

8. With the energy transition and given the limited availability of land earmarked for public utilities, owners of existing energy infrastructure might intend to repurpose such infrastructure for other uses, even if the infrastructure is required for energy security and reliability. The proposed amendments to the Electricity and the Gas Act will require owners of key electricity and gas assets to seek EMA's approval before repurposing such assets, to facilitate EMA's system planning and safeguard our energy security. When assessing requests, EMA will consider owners' needs and circumstances, while ensuring that overall energy security and system reliability is not compromised.

Proposal 6: Empower EMA to implement power rationing during emergencies

9. The 2021/2022 global energy crisis highlighted the risks of prolonged supply disruptions. While Singapore avoided supply disruptions then, we must prepare for future emergencies, no matter how unlikely they might be. The proposed amendments to the Electricity Act will equip EMA with powers to direct licensees and consumers to ration power so that it can maintain the stability of the power system during emergencies where electricity supply is disrupted. Similar regimes are in place in other countries, such as France and Germany. EMA will implement power rationing as a last resort and lift measures expeditiously.

**MINISTRY OF TRADE AND INDUSTRY
ENERGY MARKET AUTHORITY OF SINGAPORE**

6 August 2024
