



MODIFICATIONS TO AUTOMATIC-RENEWAL PRACTICE FOR ELECTRICITY RETAILERS

CONSULTATION PAPER

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Background

1 Automatic contract renewal (“auto-renewal”) is a feature in the retail electricity market that allows expiring electricity retail contracts between retailers and consumers to be renewed along previous or pre-determined terms and duration. Consumers can benefit from the convenience of automatic contract renewal as it reduces the administrative burden of regularly renewing contracts. Automatic contract renewal also benefits retailers by providing a more stable customer base which allows them to more effectively manage price risks by purchasing the necessary fuel-indexed instruments.

2 Consumers on auto-renewal contracts are protected under EMA’s Code of Conduct for Retail Electricity Licensees (“Code”). Broadly, the consumer protection stipulations cover notice requirements for contract expiry, termination and renewal. In addition, the auto-renewed electricity rate must be lower than the prevailing Regulated Tariff. Consumers also have the right to terminate the auto-renewed contract within 30 days of the renewed date without incurring early termination charges.

3 Following feedback from consumers, EMA has reviewed Code provisions pertaining to auto-renewal contracts, with a view to enhance consumer awareness of auto-renewal provisions in electricity retail contracts.

4 This consultation paper sets out EMA’s proposed enhancements to the auto-renewal practice in the retail electricity market.

Proposed Amendments

5 EMA intends to introduce **three** modifications:

Modification 1: Additional notification to all consumers about their auto-renewed contracts, and via a consumer advisory template for residential consumers only

6 Section 2.10.4(b) of the Code requires retailers to send a notification to consumers on auto-renewal contracts at least 10 business days before the date of expiry of the contract or the due date for the consumer to inform the retailer whether he wants to proceed with any automatic renewal of the contract, whichever is earlier.

7 EMA intends to require retailers to further notify such consumers that their contract has been renewed on the day of the auto-renewal. Consumers who missed any earlier notification about the impending expiry of their contract would be alerted

while they still have time to examine alternative options and terminate their contract within 30 days from the start of the renewed term without incurring early termination charges.

8 For residential consumers, EMA intends to provide a standardised consumer advisory template that retailers must use to notify residential consumers on the day of the auto-renewal. This template would cover:

- (i) the date of contract expiry/auto-renewal,
- (ii) the electricity rate offered in the auto-renewed term,
- (iii) alternative options available to the consumer (new contracts with existing/ alternative retailers, or transfer to SP's Regulated Tariff),
- (iv) the consumer has the right to terminate the contract within 30 days of the renewed date without incurring early termination charges,
- (v) the consumer is liable to pay termination charges if they terminate after the first 30 calendar days from the start of the renewed term.

Modification 2: Additional notification channels for residential consumers

9 EMA intends to expand the mode of communication for notifying residential consumers.

10 Currently, the Code mandates retailers to notify consumers without detailing the mode of communication. Requiring retailers to use different communication channels improves consumer awareness of the expiry dates of their auto-renewal contracts.

11 For both the notification as per section 2.10.4(b) and the proposed auto-renewal notification (Modification 1), we intend to require retailers to notify residential consumers through minimally two modes of communication as follows:

1. Email or postal mail (existing mode used by retailers) **AND**
2. Mobile communications (e.g. SMS or WhatsApp or retailer's app)

Proposed Code Changes for Modification 1 and 2

12 For Modification 1 to additionally require retailers to inform all consumers on the day of the auto-renewal, this would be done via a Code change to add a new clause (g) to the existing section 2.10.4.

13 For Modification 1 to notify residential consumers through a consumer advisory template on the day of the auto-renewal and Modification 2 to do so through at least two modes of communication, this would be done via a new Section 3.10 under Section 3 (Provisions Exclusive to Residential Consumers).

14 The proposed Code Amendments (in purple) are as follows:

New clause (g) to 2.10.4

Contract with Automatic Renewal

2.10.4 This section applies to a contract which provides for its automatic renewal. A Licensee shall ensure that the terms of such contract shall provide for the following:

....

(b) the Licensee shall notify the consumer in writing of the expiry date of such contract at least 10 business days prior to the earlier of:

- (i) the date of expiry of the contract; and
- (ii) the date (if any) specified in the contract by which the consumer must inform the Licensee whether he elects to proceed with any automatic renewal of such contract;

...

(g) on the date of the automatic renewal of the contract, the Licensee shall notify the consumer in writing that the contract has been renewed.

New section 3.10 and clause 3.10.1

3.10 Contracts with Automatic Renewal

3.10.1 Each notification to be issued by a Licensee to a residential consumer pursuant to section 2.10.4(b) and 2.10.4(g) shall:

- (a) be in such form and manner;
- (b) contain such other details (in addition to those details which are required to be notified to the residential consumer pursuant to section 2.10.4(b) and 2.10.4(g)); and
- (c) be made via at least two different modes of communication,
as may be specified by the Authority.

Modification 3: Allow residential consumers to opt out of auto-renewal at the time of contracting for a new contract

15 Under the current automatic renewal framework, residential consumers that do not want to proceed with auto-renewing their existing contracts can either choose another plan offered by the same retailer or switch to another electricity provider (other retailers or SP Services). This must be done within 30 days of the start of the renewed term to avoid incurring early termination charges.

16 The current retail landscape offers limited options for electricity retail contracts without auto-renewal clauses. As such, EMA intends to require all retailers who are offering plans with auto-renewal provisions **to allow consumers to opt out of auto-renewal** at the time of contracting for a new contract.

17 By explicitly presenting the choice to opt out, this approach aims to establish greater transparency and strikes a balance between consumer choice and convenience. This additionally intends to reduce likelihood of dispute over the lack of knowledge or consent to automatic renewals. For avoidance of doubt, Modification 3 would not apply to contracts already in force.

Proposed Code Change for Modification 3

New clause 3.10.2

3.10 Contracts with Automatic Renewal

3.10.2 A Licensee shall allow each residential consumer the option for his contract not to provide for auto-renewal at the time of contracting. If a residential consumer exercises such option, a Licensee shall ensure that his contract shall not provide for automatic renewal upon expiry of the contract. This section 3.10.2 shall only apply to new contract entered into by a residential consumer (including any existing contract specifically opted for renewal by a residential consumer but excluding for the avoidance of doubt, contract with a residential consumer which has been renewed as a result of the automatic renewal provisions in such contract).

Timeline

18 EMA intends to implement the aforementioned changes, including Code modifications, in June 2025. EMA recognises that these changes may necessitate adjustments to IT systems, training and marketing materials, and would like to seek retailers' feedback on the feasibility of this implementation timeline.

Request for Comments

19 EMA would like to invite written comments on the **approach, the proposed Code wording, and implementation timeline**. Please submit all written comments via email to: ema_mdspd_retail@ema.gov.sg

20 All submissions should reach EMA by 5pm on 7 March 2025 in the format shown in Annex A. You are requested to include a soft-copy of your submission in both PDF and Microsoft Word formats. EMA will acknowledge receipt of all submissions via email within two business days.

21 For clarifications, please address to Ms Hua Jie Min at: ema_mdspd_retail@ema.gov.sg.

22 Please note that EMA will not consider anonymous submissions. EMA reserves the right to make public all or part of any written submissions made in response to this Consultation Paper and to disclose the identity of the source. Any part of the

submission, which is considered by respondents to be confidential, should be clearly marked as “Confidential”. Such comments, together with justification on the need to maintain confidentiality, should be separately attached as an appendix. EMA will take this into account in the disclosure of the information submitted.

Annex A – Format for Submission of Comments

**ENHANCEMENT TO AUTO-RENEWAL PRACTICE
FOR ELECTRICITY RETAILERS**

S/N	Please indicate in each cell in this column, the section/paragraph to which your comment refers	Comments
1		
2		
3		
.		
.		
.		

Comments submitted by

Name:

Designation:

Company:

Email:

Contact No: