



Smart Energy, Sustainable Future

**MODIFICATIONS TO THE CODE OF CONDUCT FOR
RETAIL ELECTRICITY LICENSEES**

CONSULTATION PAPER

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Background

1. Since 2001, the Energy Market Authority (“**EMA**”) has progressively opened the retail electricity market to competition. EMA will be launching the Open Electricity Market (“**OEM**”) to allow the remaining 1.4 million accounts, comprising of (a) business consumers with average monthly consumption of less than 2,000 kWh and (b) residential consumers (“**OEM Consumers**”) to have the choice to buy electricity from retailers based on price plans that best meet their needs.

2. Starting April 2018, EMA will commence the soft launch of OEM in Jurong. With this initiative, all business and residential consumers at premises with postal codes starting with 60, 61, 62, 63 and 64 will be allowed to start choosing their retailers and their preferred price plans from April 2018. EMA plans to roll out OEM to the rest of Singapore in the second half of 2018.

Policy Framework and Measures for OEM

3. As part of the preparation for OEM, EMA has engaged the industry stakeholders extensively to review and enhance the policy framework and measures for consumer protection, the retailer of last resort (“**RoLR**”), and the administration of retailers’ participation in OEM. Taking into account the comments and feedback of the industry stakeholders, EMA has finalised the policy framework and measures as summarised below:

a. Enhanced consumer protection framework

- i. EMA worked with the Consumers Association of Singapore (“**CASE**”) to develop the enhanced consumer protection framework. The framework is intended to ensure fair marketing, contracting and billing practices of retailers, as well as to facilitate resolution of any contractual disputes with their consumers.

- ii. For residential consumers, there will be additional safeguards pertaining to security deposits and prepayment plans, as well as to prohibit retailers from engaging in intrusive sales tactics such as tele-marketing sales without the residential consumers' prior consent, door-to-door sales, and marketing activities at or in the immediate vicinity of residential premises. Retailers will also be required to make available Fact Sheets for electricity price plans to provide in a reader-friendly format, the key information that their consumers ought to know prior to contracting.

b. Framework for RoLR event

- i. A RoLR event occurs when a retailer is no longer able to retail electricity to its consumers under the following scenarios:
 - Cessation of operations by the retailer, upon EMA's approval of the retailer's request to cease operations or by operation of law;
 - Issuance of a suspension order or termination order by the Market Surveillance and Compliance Panel ("**MSCP**") against the retailer under the Singapore Electricity Market Rules which prohibits the retailer from retailing electricity; or
 - Termination by the Market Support Services Licensee ("**MSSL**") of the Market Support Services (Retailer) Agreement *and/or* the Retailer Use of System Agreement entered into by the MSSL with the retailer as a result of any default by the retailer under those agreements.
- ii. When a RoLR event occurs, the electricity supply to the affected consumers will not be disrupted. The affected customers will be transferred to the RoLR (i.e. the MSSL) to buy electricity based on the default supply arrangement. For business consumers with an average monthly consumption of no more than 4,000 kWh and all residential consumers, the default supply arrangement will be the regulated tariff. All other consumers will be transferred to the RoLR to buy electricity at the wholesale electricity market price.
- iii. To ensure smooth transfer when the need arises, all retailers are to regularly provide and update their consumers' contact information to the MSSL.

c. **Administration of retailers' participation in the OEM:**

- i. Retailers will only be allowed to commence retailing to OEM consumers after they have satisfied EMA of their operational readiness in terms of IT system as well as the ability to comply with EMA's regulatory requirements to serve OEM consumers.

Modifications to the Code of Conduct for Retailers

4. The Code of Conduct for Retail Electricity Licensees ("**Code**") will have to be modified to align with the above policy framework and measures for the OEM. The key modifications in respect of the enhanced consumer protection framework, the RoLR Framework and the administration of retailers' participation in the OEM are set out in **Annexes A, B and C** respectively. The miscellaneous/consequential Code modifications are set out in **Annex D**.

5. EMA would like to invite comments and feedback on the modifications to ensure that they are clear and aligned with the enhanced policy framework and measures for the OEM. For ease of reference, the amended Code is attached at **Annex E**.

6. Please provide your written feedback no later than **19 Feb 2018** using the template in **Annex F** and submit via email to: ema_mdspd@ema.gov.sg

7. EMA will acknowledge receipt of all submissions via email. Please contact Mr Tan Teck Hao (Tel: 6376 7831) or Ms Karyn Goh (Tel: 6376 7698) or Mr Lee Guo Rui (Tel: 6376 7830) if you do not receive EMA's acknowledgement of your submission within two business days.

8. Anonymous submissions will not be considered. EMA reserves the right to make public all or parts of any written submissions made in response to this consultation paper and to disclose the identity of the respondent. Any part of the submission, which is considered by respondents to be confidential, should be clearly marked and placed as an annex which the EMA will take into account regarding the disclosure of the information submitted.

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