INTERMITTENCY PRICING MECHANISM FOR INTERMITTENT GENERATION SOURCES IN THE NATIONAL ELECTRICITY MARKET OF SINGAPORE

ADDENDUM

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1.1 On 30 October 2018, the Energy Market Authority ("EMA") issued a Final Determination Paper on the 'Intermittency Pricing Mechanism for Intermittent Generation Sources in the National Electricity Market of Singapore'[1] ("Final Determination Paper"). The paper sets out the Intermittency Pricing Mechanism ("IPM") to allocate the fair share of reserves cost to all generation types that contribute to the need for reserves. This was to recognise the characteristics and effects of Intermittent Generation Sources ("IGS") on the power system, and reduce cross subsidisation across stakeholders.

1.2 To recap, the reserves and regulation cost allocation for IPM was aligned to the cost allocation approach for conventional generators where IGS will pay for (i) its share of reserve cost based on the modified runway model and (ii) its share of regulation cost for the first 5MWh of aggregated IGS. Residential consumers with embedded IGS installations and non-residential consumers with embedded IGS installations connected to the system on or before 31 January 2018[2] would be 'grandfathered' from IPM. The IPM was earlier projected to be implemented around 2020, after the relevant market rules and IT systems have been changed.

1.3 As part of continued efforts to support greater solar deployment while managing system reliability, EMA is studying new technical and market solutions to address solar intermittency in a more cost-effective manner. This includes looking at potential ways to manage requirements for regulation reserves as solar adoption scales up. Hence EMA is deferring the implementation of IPM, and intends to consult industry on the enhanced IPM in 2H 2021, with an implementation timeframe of around 2023. EMA also intends to review the eligibility criteria for 'grandfathering' and will provide clarity to industry in due course.

1.4 For clarifications, please contact us at EMA_Policy@ema.gov.sg.

[1] The Final Determination Paper can be found at: https://www.ema.gov.sg/cmsmedia/Final%20Determination%20Paper%20-%20Intermittency%20Pricing%20Mechanism%20vf.pdf

[2] Unless (i) they retrofit their IGS systems such that re-commissioning by SP PowerGrid would be required in the process; or (ii) 25 years have passed from the commissioning date of their existing IGS systems, whichever occurs earlier.