

PUBLIC VERSION

EMC's NEMS Budget for the Financial Year Ending 30 June 2026

BUDGET FOR FY2026

1. INTRODUCTION

Singapore’s core inflation has decreased to 1.9% in Q4 2024, from 2.7% in Q3. In line with the resilient economic back drop, MTI’s Advance Estimates show that the Singapore economy grew by 0.1% on a quarter-on-quarter seasonally adjusted basis in Q4 2024, following the 3.2% expansion a quarter ago. Looking ahead at 2025, the downside risks remain with the ongoing trade frictions among major economies alongside lingering risk of escalation in geopolitical conflicts. The Ministry of Trade and Industry forecast the 2025 GDP growth to be between 1% to 3%.

Singapore’s electricity demand has been steadily increasing and we expect the trend to continue in tandem with the GDP growth. EMC is committed to working with the regulators and industry members in building a resilient power system for sustainable decarbonisation during this energy transition phase. EMC will be investing in the necessary technology to enhance its security posture, operational efficiency and system resiliency to provide the market with a satisfactory level of service while preserving the financial integrity and governance structure of the market. Additionally, to stay abreast of market developments, EMC will focus on staff development.

2. NEMS ACTUAL AND BUDGET ASSUMPTIONS

2.1 Revenue

Under the revenue regulatory regime for the five years from 1 July 2023 to 30 June 2028, EMC is allowed to charge fixed and variable fees.

The following categories of fixed fees remain unchanged since it was implemented on 1 July 2018:

- a) Annual market participant fee of \$10,000 per market participant
- b) One-off market participant registration fee of \$5,000 per registration
- c) RSA hardware token fee (from 6th token onwards per MP) of \$350 per token

The variable fee is calculated as follows:

$$\frac{\text{EMC's Allowed Revenue – Projected Revenue from Fixed Fees}}{\text{Forecast Traded Volume}}$$

The price cap on the variable fee for the period covered in this paper is as follows:

Price Cap (Cents/MWh)	Forecast FY2025	Budget FY2026
1 July to 30 June	36.86	37.11

Note:
 FY2026 refers to the financial year running from 1 July 2025 to 30 June 2026
 FY2025 refers to the financial year running from 1 July 2024 to 30 June 2025

An annual adjustment is made to the price cap for exogenous costs and any deviation between the projected and actual revenue collected from fixed and variable fees.

2.2 Manpower Costs

The energy sector is undergoing a significant transformation, which results in a competitive employment market for specialised expertise and knowledge in the industry. Hence, a balanced approach to staff compensation, benefits, development and retention initiatives continues to be our key focus, to keep our employees engaged and motivated. This minimises operational disruptions and reduce training cost due to attrition. Our efforts have successfully lowered the attrition rate for FY2024/2025 to date to 5.5%, a significant improvement from 12% during the same period last year.

In FY2026, we will conduct a salary benchmarking exercise to ensure market competitiveness, continue staff engagement activities, implement recognition and reward structures, as well as enhance employee development. These initiatives aim to foster a culture of growth and innovation ensuring the organisation's resilience and sustainability in an evolving climate.

In FY2026, the approved permanent headcount supporting the NEMS remains at 76, which includes two additional ancillary service contract procurement headcounts that were approved by the EMA in March 2024.

In line with Condition 3 of the Electricity Licence for Market Company, EMC shall maintain separate accounts for its authorised business. The NEMS manpower supporting allowed activities are charged out from the NEMS accounts.

Manpower resources directly involved in the development of capital projects are capitalised.

2.3 Depreciation and Amortisation

All fixed assets are depreciated over three years except for IT servers which are depreciated over five years. Leasehold renovations are depreciated over the life of the lease.

For leased assets, the cost of the right-to-use asset is recognised as an asset at the commencement of the lease and the depreciation charge for the right-of-use asset is reflected in the profit and loss statement.

2.4 Other Operating Expenses

Other operating costs (i.e. excluding manpower, depreciation, technology, market operator licence fees and office rental costs) are generally assumed to increase at an average of 1.9% year-on-year which is in line with the MAS core inflation¹ excluding GST impact.

¹ MAS Monetary Policy Statement published on 24 January 2025

2.5 Taxes

Capital allowances are assumed to be fully claimed on all IT capital expenditure in the year of its incurrence and over three years for office renovation and equipment.

2.6 Business Development

Business development costs will be accounted for separately from NEMS activities and do not form part of the NEMS revenue determination.

2.7 Capital Expenditure

Capital expenditure (CAPEX) is based on regulatory requirements, system replacements and upgrades recommended by IT. Detailed breakdown of the capital expenditure and project justifications is provided in Section 4.

2.8 Gearing & Share Capital

It is assumed that EMC will not take on loans and there will not be any change in share capital.

2.9 Dividend

Dividend declarations each year will be subject to the directors' consideration of reasonableness and prudence.

3. NEMS BUDGET FOR FY2026

3.1 Summary

FY2025 forecast net operating profit for the NEMS of \$7,417K is lower than budgeted by \$742K. This is predominantly due to higher operating expenses, driven by higher depreciation as projects were completed earlier than scheduled.

Budgeted net operating profit for FY2026 was \$892K lower compared to FY2025 forecast due to higher depreciation as projects are expected to complete earlier than scheduled, partially offset by higher NEMS revenue.

3.2 NEMS Revenue and Expenses

Description	FY26 Budget S\$'000	FY25	
		Forecast S\$'000	Budget S\$'000
NEMS Fees ¹	45,397	40,161	43,822
Exogenous Item	6	3,750	-
Other Income	-	21	-
Market Data Subscription	50	133	350
Total NEMS revenue	45,453	44,065	44,172
Manpower	14,460	14,015	14,006

Other Operating Expenses	24,469	22,633	22,008
Total NEMS Operating Expenses	38,929	36,648	36,014
NEMS Operating Profit (before tax)	6,524	7,417	8,158

Note 1: NEMS fees comprise both fixed and variable fees.

3.2.1 Forecast FY2025 vs. Budget FY2025

3.2.1.1 Revenue

FY2025 forecast revenue is \$106K lower than FY2025 budget mainly due to lower variable fees.

3.2.1.2 Salaries & Related Costs

FY2025 forecast is expected to be similar to the budget, with the slight increase attributable to a rise in temporary staff.

3.2.1.3 Other Operating Expenses

FY2025 forecast is \$625K higher than FY2025 budget mainly due to the following:

- Higher NEMS system cost (\$510K) mainly due to projects such as SG Energy and DASH projects completed ahead of time;
- Higher depreciation expenses (\$478K); partially offset by
- Lower utilities and office maintenance (\$205K), legal cost (\$107K) and panel cost (\$56K).

3.2.2 Budget FY2026 vs Forecast FY2025

3.2.2.1 Revenue

NEMS revenue increased by \$1,388K mainly due to the higher variable fees in line with the higher price cap.

3.2.2.2 Detailed Expenses

Description	FY26	FY25	Variance		FY25
	Budget S\$'000	Forecast S\$'000	S\$'000	%	Budget S\$'000
Salaries and employment benefits	14,460	14,015	445	3.2%	14,006
Depreciation of plant and equipment	8,359	6,729	1,630	24.2%	6,251
Market Operator licence fee	4,866	4,551	315	6.9%	4,506

IT service costs	7,530	7,970	(439)	(5.5%)	7,460
Office Maintenance, Rental & Utilities	1,566	1,548	18	1.2%	1,753
Legal and professional fees	708	533	175	32.9%	640
Directors' fees	175	198	(23)	(11.6%)	175
Audit fees	319	306	13	4.2%	339
Communications & PR	156	66	90	136.7%	96
Insurance expenses	169	161	8	5.0%	161
Panel fees and expenses	313	271	42	15.6%	327
Other operating expenses	308	300	8	2.7%	300
Total NEMS expenses	38,929	36,648	2,281	6.2%	36,014

3.2.2.3 Manpower Costs

The FY2026 budgeted headcount by departments is as follows:

Headcount	FY26 Budget	FY25 Forecast	FY25 Budget
CEO Office	1	1	1
Corporate Services	11	11	11
Market Administration	7	7	7
Information Technology	22	22	22
Information Security	5	5	5
Market Operations	20	20	20*
Market Assessment Unit	6	6	6
Communications	2	2	2
Human Resources	2	2	2
Total	76	76	76

*Includes two additional Ancillary headcounts approved by EMA in March 2024.

3.2.2.4 Manpower costs are as follows:

Manpower Costs	FY26 Budget S\$'000	FY25 Forecast S\$'000	Variance (FY26 Budget vs FY25 Forecast)		FY FY25 Budget S\$'000	Variance (FY FY25 Forecast vs FY25 Budget)	
			S\$'000	%		S\$'000	%
Staff compensation	13,014	12,957	57	0.4%	12,765	192	1.5%
Central Provident Fund	1,174	1,028	146	14.2%	1,103	(75)	(6.8%)
Training	272	223	49	21.9%	272	(49)	(18.1%)
Staff welfare	223	183	40	21.6%	227	(44)	(19.2%)
Other manpower costs	1,200	1,221	(21)	(1.7%)	1,025	196	19.1%
Manpower Cost Capitalised/charge out	(1,423)	(1,597)	174	(10.8%)	(1,386)	(211)	15.2%
Total Manpower Costs	14,460	14,015	445	3.2%	14,006	9	0.1%

Staff compensation

An increase in overall total staff compensation of 0.4% is budgeted for FY2026 after taking into account promotions, salary adjustments and bonuses.

Management will consider the current market conditions and propose the actual 2025 salary increment percentage and bonuses for approval in July 2025.

Other Manpower Cost

Other manpower costs in FY2026 are expected to be lower than FY2025 forecast mainly due to lower contract staff cost, partially offset by higher medical insurance.

Manpower Cost Capitalisation/Charge Out

Budgeted costs for FY2026 is lower than the FY2025 forecast mainly due to resources supporting more capital projects in FY2025.

3.2.2.5 Depreciation & Amortisation

Depreciation in FY2026 increased by \$1,630K over the FY2025 forecast mainly due to SGenEnergy and DASH projects completed ahead of time, allowing the depreciation to take effect earlier than anticipated.

3.2.2.6 IT Service Costs

The total budget of IT Service Costs comprises the following:

	FY26 Budget \$'000	FY25 Forecast \$'000	Purpose
Internal IT Opex			
Internal Corporate System and Applications Maintenance	417	565	Support and maintain the corporate IT systems and applications.
Subtotal	417	565	
NEMS Infrastructure Opex			
Data Backup Services	10	10	Maintain timely backup of NEMS and corporate data to be stored offsite for purpose of data recovery base on business' needs
NEMS Network and Server Maintenance	461	596	Support and maintain the 24x7 critical NEMS network and server infrastructure.
NEMS System Maintenance	962	1,296	Support and maintain the 24x7 critical NEMS systems
Managed Security Services Subscription	1,966	1,971	Subscribe to Managed Security Services to provide 24x7 IT security protection and 24x7 proactive security monitoring, alerts and remediation against IT security threats, for both NEMS and corporate systems
Monitoring Systems Maintenance	185	163	Maintain a 24x7 real time system monitoring systems for the NEMS and corporate services, and be able to proactively provide alerts to the IT teams for prompt resumption of normal business operations
Teleco Lease Lines - Subscription and Maintenance	211	211	Subscribe and maintain telecommunications lease lines for connectivity with the external network and Internet
Data Centres Facilities Maintenance	171	171	Maintain the secured and highly available data centres to house the NEMS and corporate systems.
Subtotal	3,966	4,418	

	FY26 Budget \$'000	FY25 Forecast \$'000	Purpose
NEMS Software / Application Opex			
NEMS Software/Application maintenance	2,665	2,563	Support and maintenance on tools and 3 rd party software (solver software, database software and middleware)
Subtotal	2,665	2,563	
IT Security			
IT Security	482	424	Maintenance of Content Disarm and Reconstruction (CDR) system and additional vulnerability assessment and penetration tests.
Subtotal	482	424	
Total	7,530	7,970	

The overall FY2026 IT Service cost budget is lower than the FY2025 forecast by \$440K (5.5%). The key factors contributing to the variance are:

- Decrease in the NEMS Infrastructure System maintenance by \$452K, driven by reduced cost (\$334K) in the NEMS Systems maintenance, which provides 24x7 critical NEMS systems support. The overall decrease was offset by an increase in the NEMS Software Application maintenance by \$102K, which was driven by year-on-year increase in software licenses and maintenance (e.g. Oracle, Redhat, Sitecore etc.); and
- Increase in IT Security by \$58K due to maintenance cost of the newly implemented CDR System.

3.2.2.7 Office Maintenance/ Rental & Utilities

The budget for FY2026 is \$18K higher than the FY2025 forecast to cater for inflation and buffer for maintenance cost.

3.2.2.8 Legal and Professional Fees

The budgeted legal and professional fees in FY2026 are \$175K higher than FY2025 forecast mainly to cater for legal services relating to market rules changes and security audit conducted once every two years.

3.2.2.9 Communications & Public Relations

The Communications & PR budget for FY2026 is higher than FY2025 forecast as the cost incurred for the biennial Electricity Roundtable event will be incurred in FY2026.

3.2.2.10 Insurance Expenses

EMC maintains insurance coverage for Professional Indemnity, Directors' and Officers' Liability, Industrial All Risks, Commercial General Liability and Cybersecurity insurance at similar rates as FY2025.

3.2.2.11 Panel Fees & Expenses

The FY2026 budgeted Panel Fees & Expenses is \$42K higher than FY2025 forecast due to the full year impact of the upward revision in the hourly rates paid to the panel members.

3.2.2.12 Other operating expenses

Other operating expenses for FY2026 are higher than the FY2025 forecast mainly driven by higher meeting expenses.

4. NEMS CAPITAL EXPENDITURE

EMC's capital expenditure plans are as follows:

	Note	FY 26 Budget \$'000	FY 25 Forecast \$'000
Furniture Fittings, Equipment & Office Renovation	4.1	65	30
Internal (Corporate) and NEMS Systems	4.2	8,189	11,290
EMA Directed Projects	4.3	250	870
Provision for Rules Change Panel (RCP) Requests		-	494
Total		8,504	12,684

4.1 Furniture Fittings, Equipment and Office Renovation

The budget for FY2026 is mainly for the replacement of office equipment and fixtures and fittings.

4.2 Internal (Corporate) and NEMS Systems

In planning the list of Technology projects, EMC's key foci are:

(a) Resiliency and Reliability

Improve resiliency of the NEMS architecture and infrastructure to ensure no single point of failure. Timely refresh of system (beyond useful hardware life) to prevent technology obsolescence and ensure supported versions of hardware and software are used;

- (b) Extensibility and Flexibility
Ensure scalability of system for capacity growth and ability to support new market initiatives and capabilities;
- (c) Governance, Compliance and Security
Implement controls and enhance IT Service Management toolsets to ensure governance and compliance. Enhance overall security posture and improve proactive security monitoring, detection, and protection capabilities to respond rapidly to security threats and vulnerabilities; and
- (d) Customer Satisfaction
Enhance market participants' NEMS user experience and delivering more value-added services. Digitisation of manual processes and implement automation to improve market participants' interaction with the secure trading portal and ensure operations efficiency.

The following sections provide a breakdown of the capital initiatives for FY2026:

Internal (Corporate) and NEMS Systems Capital Expenditure Budget

Projects	Note	FY 26 Budget \$'000
Internal (Corporate) IT Systems	4.2.1	104
NEMS Application Systems	4.2.2 4.2.3	8,085
Total		8,189

4.2.1 Internal (Corporate) IT Systems

FY2026 Internal IT Systems CAPEX budget is for the replacement of ageing end user computing devices and peripherals.

4.2.2 NEMS Application Systems

FY2026 NEMS Application Systems budget is for the NEMS secure portal revamp, NEMS application refresh and enhancement, including settlement system enhancements.

4.2.3 NEMS IT Infrastructure and IT Operation Systems

FY2026 budget is for the upgrade of ageing NEMS infrastructure equipment and services comprising of network technology refresh, NEMS secure portal hardware, servers, storage and ancillary support to fulfil stipulate NEMS availability requirements, as well as security related projects.

4.3 EMA Directed Projects

The EMA directed project budgeted in FY2025 is for the enhancement of user interfaces and the development of webservices for Temporary Price Cap and system changes for Residual Vesting Scheme.

Appendix 1

EMC's Obligations with Respect to Rules and Market Licence in Preparation of Budgets

Requirements	Action to be taken by
<p>Market Rules Chapter 2 sections 10.1.1.1 and 10.1.1.2</p> <p>No less than 100 days prior to the beginning of each fiscal year EMC is:</p> <p>To submit proposed expenditure and revenue requirements and a schedule of fees for the following fiscal year to the RCP for review; and</p> <p>Publish notice of its proposed expenditure and revenue and schedule of fees</p>	<p>21 March 2025</p>
<p>Market Rules Chapter 2 section 10.1.4</p> <p>The RCP shall submit a written report to the EMC Board indicating the views of the RCP and a summary of any material submissions from interested persons pursuant to Chapter 2 section 10.1.1.2</p> <p>Market Rules Chapter 2 Section 10.1.5</p> <p>The RCP report shall be submitted to the EMC Board no later than 75 days before the beginning of the new fiscal year</p>	<p>16 April 2025</p>
<p>Market Rules Chapter 2 section 11.1.1</p> <p>EMC shall no less than 60 days prior to the beginning of the fiscal year to submit to the EMA for the approval its proposed expenditure and revenue requirements and either:</p> <p>a schedule of fees or</p> <p>a statement of fee methodology</p>	<p>30 April 2025</p>
<p>Market Licence Condition 18</p> <p>“The Licensee shall, no less than 60 days before the beginning of the Licensee’s fiscal year, submit to the Authority the Licensees proposed expenditure and revenue requirements for the following fiscal year to the Authority for review and approval ... in the manner and to the extent ... in the manner and to the extent, if any, required by the market rules.”</p>	<p>30 April 2025</p>

Appendix 2

EMC's cost : Breakdown by services

Services	FY 26 Budget	FY 25 Forecast
	Fee \$'000	Fee \$'000
Systems	23,303	21,994
Pricing and information	3,400	3,275
Settlement/Ancillary Services	2,890	2,649
Market assessment	1,628	1,524
Rule change process	2,539	2,393
Market Licence	4,866	4,551
Panel Fees	303	262
Total	38,929	36,648
Individual fees to Market Participants	Est. fee (\$)	Est. fee (\$)
Common services (all those listed above)	37.11 cents	36.86 cents
Impact assessed on Market Participant and Market Support Services Licensees as a class EMC fee / average actual YTD Jan 2025 USEP	0.30%	0.30%
Average actual July 2024 to Jan 2025 USEP	\$124	\$124