

PUBLIC VERSION

EMC's NEMS Budget for the Financial Year Ending 30 June 2027

BUDGET FOR FY2027

1. INTRODUCTION

Singapore’s core inflation has increased to 1.2% in Q4 2025, from 0.4% in the preceding quarter. In line with the resilient economic back drop, MTI’s Advance Estimates show that the Singapore economy grew by 1.9% on a quarter-on-quarter seasonally adjusted basis in Q42025, easing from the 2.4% expansion a quarter ago. Looking ahead at 2026, the downside risks remain in the global economy. While global economic uncertainty has receded since the first half of 2025, it remains elevated. A renewed rise in tariffs or geopolitical tensions, including heightened tensions and instability in the Middle East, could increase uncertainty again, hurting business and consumer confidence and reducing hiring, investment, and spending. In addition, a shift toward risk-off sentiment could trigger sharp corrections in global financial markets, which may spill over to broader economic growth. The Ministry of Trade and Industry forecast the 2026 GDP growth to be between 2% to 4%.

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 5 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 FY2026	Budget FY2027
1 July to 30 June	37.11	38.79

Note:
FY2027 refers to the financial year running from 1 July 2026 to 30 June 2027
FY2026 refers to the financial year running from 1 July 2025 to 30 June 2026

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

As the energy sector prepares for the next phase of the energy transition, growing demands for new energy technologies, new jobs and new skills sets are reshaping workforce requirements. To respond effectively, our workforce must continue to evolve. We therefore remain focused on a balanced approach to staff compensation, benefits, development and retention initiatives to keep employees engaged and motivated, minimize operational disruptions from attrition, and optimize resources otherwise required for recruitment and training.

The attrition rate for FY2026 has stabilised at 4.1% to date, down from 12% and 5% in the corresponding periods of FY2024 and FY2025 respectively. This improvement is attributed to the sustained staff engagement efforts implemented throughout the year, including rewarding innovative ideas, awarding staff who exemplify the EMC values, inter-department projects, quarterly townhalls, brownbag sessions and teambuilding events.

In FY2027, the approved permanent headcount supporting NEMS remains at 76, which includes 2 additional ancillary service contract procurement head counts approved by 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. 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 1.2% year-on-year which is in line with the MAS core inflation¹ excluding GST impact.

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.

¹ MAS Monetary Policy Statement published on 29 January 2026

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 FY2027

3.1 Summary

FY2026 forecast net operating profit for NEMS of \$8,452K is higher than budgeted by \$1,928K. This is predominantly due to lower operating expenses, driven by lower depreciation as project go-live date were deferred to later in the financial year.

Budgeted net operating profit for FY2027 is \$999K lower than the FY2026 forecast, primarily due to higher depreciation expenses, as depreciation for projects delayed from FY2026 will now be incurred in FY2027.

3.2 NEMS Revenue and Expenses

Description	FY2027 Budget S\$'000	FY2026	
		Forecast S\$'000	Budget S\$'000
NEMS Fees ¹	48,580	41,563	45,397
Exogenous Item	-	4,019	6
Market Data Subscription	50	60	50
Total NEMS revenue	48,630	45,642	45,453
Manpower	15,014	13,888	14,460
Other Operating Expenses	26,163	23,302	24,469
Total NEMS Operating Expenses	41,177	37,190	38,929
NEMS Operating Profit (before tax)	7,453	8,452	6,524

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

3.2.1 Forecast FY2026 vs. Budget FY2026

3.2.1.1 Revenue

FY2026 forecast revenue is \$189K higher than FY2026 budget mainly due to higher forecasted fixed fees and exogenous claims for market license.

3.2.1.2 Salaries & Related Costs

FY2026 forecast is \$572K lower than FY2026 budget mainly due to lower salary cost and higher time cost capitalised.

3.2.1.3 Other Operating Expenses

FY2026 forecast is \$1,167K lower than FY2026 budget mainly due to the following:

- Lower depreciation expenses (\$1,155K); partially offset by
- Higher NEMS system cost (\$107K) incurred, mainly due to NEMS infrastructure and enhanced IT security initiatives, including strengthening vulnerability assessment and penetration testing.

3.2.2 Budget FY2027 vs Forecast FY2026

3.2.2.1 Revenue

NEMS revenue increased by \$2,988K mainly due to the higher variable fees in line with the higher price cap.

3.2.2.2 Detailed Expenses

Description	FY2027	FY2026	Variance		FY2026
	Budget S\$'000	Forecast S\$'000	S\$'000	%	Budget S\$'000
Salaries and employment benefits	15,014	13,888	1,126	8.1%	14,460
Depreciation of plant and equipment	9,591	7,204	2,387	33.1%	8,359
Market Operator licence fee	5,256	4,966	290	5.8%	4,866
IT service costs	7,555	7,637	(82)	(1.1%)	7,530
Office Maintenance, Rental & Utilities	1,563	1,541	22	1.4%	1,566
Legal and professional fees	754	569	185	32.5%	708
Directors' fees	175	175	-	-	175
Audit fees	343	339	4	1.1%	319
Communications & PR	94	112	(18)	(16.0%)	156

Insurance expenses	165	155	10	6.4%	169
Panel fees and expenses	299	278	21	7.6%	313
Other operating expenses	368	326	42	12.9%	308
Total NEMS expenses	41,177	37,190	3,987	10.7%	38,929

3.2.2.3 Manpower Costs

The FY2027 budgeted headcount by departments is as follows:

Headcount	FY2027 Budget	FY2026 Forecast	FY2026 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 2 additional Ancillary headcounts approved by EMA in March 2024.

3.2.2.4 Manpower costs are as follows:

Manpower Costs	FY2027 Budget S\$'000	FY2026 Forecast S\$'000	Variance (FY27 Budget vs FY26 Forecast)		FY2026 Budget S\$'000	Variance (FY26 Forecast vs FY26 Budget)	
			S\$'000	%		S\$'000	%
Staff compensation	13,457	12,693	764	6.0%	13,014	(321)	(2.5%)
Central Provident Fund	1,221	1,193	28	2.4%	1,174	19	1.6%
Training	277	227	50	22.0%	272	(45)	(16.5%)
Total rewards and staff benefits	237	215	22	10.2%	223	(8)	(3.5%)
Other manpower costs	1,294	1,305	(11)	(0.8%)	1,200	105	8.7%
Manpower Cost Capitalised/charge out	(1,472)	(1,745)	273	15.6%	(1,423)	(322)	(22.6%)
Total Manpower Costs	15,014	13,888	1,126	8.1%	14,460	(572)	(3.9%)

Staff compensation

An overall 6% increase in total staff compensation is budgeted for FY2027, taking into account additional headcount, promotions, salary adjustments and variable performance incentive.

In July 2026, Management will review prevailing market conditions and propose the actual FY2027 salary increment percentage and variable performance incentive payouts for approval.

Manpower Cost Capitalisation/Charge Out

Budgeted costs for FY2027 is lower than the FY2026 forecast mainly due to resources supporting more capital projects in FY2026.

3.2.2.5 Depreciation & Amortisation

Depreciation in FY2027 rose by \$2,387K compared to the FY2026 forecast, primarily because the Network Technology Refresh (NTR) project's go-live was delayed from FY2026 to FY2027. As a result, the associated depreciation expense has shifted into FY2027.

3.2.2.6 IT Service Costs

The total budget of IT Service Costs comprises the following:

	FY2027 Budget \$'000	FY2026 Forecast \$'000	Purpose
Internal IT Opex			
Internal Corporate System and Applications Maintenance	623	554	Support and maintain the corporate IT systems and applications.
Subtotal	623	554	
NEMS Infrastructure Opex			
Data Backup Services	10	16	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	618	457	Support and maintain the 24x7 critical NEMS network and server infrastructure.
NEMS System Maintenance	907	884	Support and maintain the 24x7 critical NEMS systems.
Managed Security Services Subscription	1,971	1,971	Subscribe to Managed Security Services to provide 24x7 IT security protection and 24x7 proactive cybersecurity monitoring, alerts and remediation against cybersecurity threats, for both NEMS and corporate systems.

	FY2027 Budget \$'000	FY2026 Forecast \$'000	Purpose
Monitoring Systems Maintenance	146	146	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.
Telco Lease Lines - Subscription and Maintenance	207	210	Subscribe to and maintain telecommunications lease lines for connectivity with the external networks and the internet.
Data Centres Facilities Maintenance	185	185	Maintain the secured and highly available data centres to house the NEMS and corporate systems.
Subtotal	4,044	3,869	
NEMS Software / Application Opex			
NEMS Software/ Application maintenance	2,307	2,708	Support and maintenance on tools and 3 rd party software (solver software, database software and middleware).
Subtotal	2,307	2,708	
IT Security			
IT Security	581	506	Maintenance of Content Disarm and Reconstruction (CDR) security system and provision of periodic vulnerability assessment and penetration testing.
Subtotal	581	506	
Total	7,555	7,637	

The overall FY2027 IT Service cost budget is lower than the FY2026 forecast by \$82K (1.1%). The key factors contributing to the variance are:

- Decrease in NEMS software and application maintenance costs by \$401K due to lower spending on tool support and third-party software. This reduction was partially offset by a \$175K increase in NEMS infrastructure system maintenance, mainly driven by a \$184K rise in maintenance for NEMS network, system and server, and an increase in internal corporate system and applications maintenance by \$69K; and
- Increase in IT Security by \$75K due to maintenance cost of the newly implemented CDR System.

3.2.2.7 Office Maintenance/ Rental & Utilities

The budget for FY2027 is \$22K higher than the FY2026 forecast to cater for inflation and anticipated routine and ad-hoc maintenance costs.

3.2.2.8 Legal and Professional Fees

The budgeted legal and professional fees in FY2027 are \$185K higher than FY2026 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 forecast is higher than FY2027 budget as the cost incurred for the biennial Electricity Roundtable event was 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.

3.2.2.11 Panel Fees & Expenses

The FY2027 budgeted Panel Fees & Expenses is \$21K higher than FY2026 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 are forecasted to be lower from FY2026 compared to FY2027 due to reduced meeting expenses, however the budget for FY2027 assumes a return to normal meeting expense run rates.

4. NEMS CAPITAL EXPENDITURE

EMC's capital expenditure plans are as follows:

	Note	FY2027 Budget \$'000	FY2026 Forecast \$'000
Furniture Fittings, Equipment & Office Renovation	4.1	18	17
Internal (Corporate) and NEMS Systems	4.2	7,052	8,493
EMA Directed Projects	4.3	-	200
Provision for Rules Change Panel (RCP) Requests		-	852
Total		7,070	9,562

4.1 Furniture Fittings, Equipment and Office Renovation

The budget for FY2027 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 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 regulatory 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 FY2027:
Internal (Corporate) and NEMS Systems Capital Expenditure Budget

Projects	Note	FY2027 Budget \$'000
Internal (Corporate) IT Systems	4.2.1	98
NEMS Systems	4.2.2 4.2.3	6,954
Total		7,052

4.2.1 Internal (Corporate) IT Systems

FY2027 Internal IT Systems CAPEX budget is for the replacement of ageing end user computing devices and peripherals.

4.2.2 NEMS Application Systems

FY2027 NEMS Application Systems provides for enhancements that strengthen operational efficiency and resilience through increased automation, and the NEMS application refresh to ensure all systems and middleware remain secure, supportable, and reliable.

4.2.3 NEMS IT Infrastructure and IT Operation Systems

FY2027 budget is for the refresh of ageing NEMS infrastructure systems, including storage, backup, Single Sign On (SSO), monitoring, virtualisation, domain controllers, and data centre facilities, to fulfil stipulated NEMS availability and security requirements, and ensure continued vendor/manufacture support, and operational resilience across core environments.

4.3 EMA Directed Projects

The EMA directed project forecasted in FY2026 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>20 March 2026</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 2026</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 2026</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 2026</p>

Appendix 2

EMC's cost : Breakdown by services

Services	FY2027 Budget	FY2026 Forecast
	Fee \$'000	Fee \$'000
Systems	24,640	21,922
Pricing and information	3,647	3,287
Settlement/Ancillary Services	2,865	2,593
Market assessment	1,708	1,617
Rule change process	2,773	2,534
Market Licence	5,256	4,966
Panel Fees	288	271
Total	41,177	37,190
Individual fees to Market Participants	Est. fee (\$)	Est. fee (\$)
Common services (all those listed above)	38.79 cents	37.11 cents
Impact assessed on Market Participant and Market Support Services Licensees as a class EMC fee / average actual YTD Jan 2026 USEP	0.34%	0.33%
Average actual July 2025 to Jan 2026 USEP	\$112	\$112