

MARKET OPERATIONS MARKET MANUAL

PERFORMANCE BONDS (Chapter 2 Market Rules)

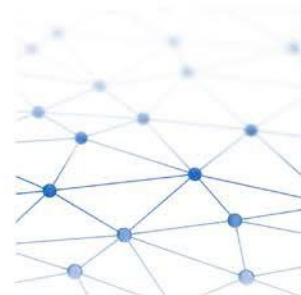
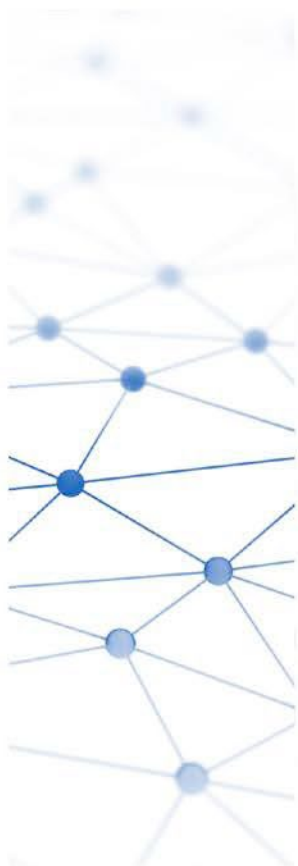


Table of Contents

1	Definitions	3
2	Standards and Template for Banker's Guarantee for Performance Bonds	4
2.1	Criteria to be satisfied by a financial institution providing <i>performance bonds</i> and <i>additional performance bonds</i>	4
2.2	Banker's Guarantee Template	4

1 Definitions

- 1.1 All terms in italics used in this *market manual* shall have the same meanings as ascribed to them under the *market rules*.

2 Standards and Template for Banker's Guarantee for Performance Bonds

2.1 Criteria to be satisfied by a financial institution providing *performance bonds* and *additional performance bonds*

The financial institution must be (i) a local bank or (ii) a foreign bank licensed to carry on banking business in Singapore and acting through its office in Singapore, rated "A" or better by Standard & Poor's (S&P). (S&P Website: www.standardandpoors.com/)

2.2 Banker's Guarantee Template

Performance bonds and *additional performance bonds* provided by a *retail electricity licensee* class of *market participant* in the form of a guarantee must be executed as a deed and in the form and terms set out below.

BANKER'S GUARANTEE TEMPLATE

[On the letterhead of the guarantor financial institution]

DATE: [_____]

ENERGY MARKET COMPANY PTE LTD
4 Shenton Way
#03-01 SGX Centre 2
Singapore 068807

Dear Sirs,

BANKER'S GUARANTEE NO. [number] FOR S\$[state amount in numbers]

1. Pursuant to your obtaining an electricity licence authorising you to operate any wholesale electricity market in Singapore and your entering into the Market Rules under the Electricity Act 2001 of Singapore (the "Rules") which set out and govern the trading of electricity in Singapore, we, [*name of guarantor financial institution*], having our registered office at [*address*], hereby guarantee and undertake unconditionally and irrevocably to you the due payment of any and all sum or sums payable under the Rules and the Code of Conduct for Retail Electricity Licensees by [*name of market participant*] (the "Principal") and will pay to you immediately on your first written demand in respect of each such sum demanded provided that our total liability under this Guarantee shall not exceed in aggregate SINGAPORE DOLLARS [*state amount in words*] (the "Maximum Sum").
2. Any written demand made hereunder must (a) state the amount claimed; and (b) contain a statement certifying that the demand is made to satisfy the hedging and security requirements mandated under the Market Rules and/or the Code of Conduct for Retail Electricity Licensees.
3. We agree that any written demand furnished by you to us under clause 2 shall be conclusive evidence that the said sum or sums referred to therein is/are payable to you by the Principal.
4. This Guarantee shall not be affected by any time, arrangement or other indulgence which you may grant to the Principal, or with any other person which might operate to diminish or discharge the liability of or otherwise provide a defence to a surety.
5. You shall have the right to make a demand for payment at any time under this Guarantee. You may make more than one demand under this Guarantee. If a demand exceeds the amount available under this Guarantee, but the presentation otherwise complies, we undertake to pay the amount available, provided always that our total liability under this Guarantee shall not, in any case, exceed the Maximum Sum.
6. Without prejudice to the provisions in clauses 1 to 5 above, upon presentation of your written demand for payment as aforementioned, we shall:-
 - a. in respect of any demand received on or before 12.00 noon Singapore time at our office on any banking day, accept and honour your demand on or before 3.00 pm, Singapore time of the same day;
 - b. in respect of any demand received after 12.00 noon Singapore time at our office but on or before 5.00 pm Singapore time at our office, accept and honour your demand on or before 11.00 am Singapore time of the next banking day following presentation of your demand;

by paying you in immediately available funds. All payments under this Guarantee shall be made in Singapore Dollars.

7. This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date and remains unpaid.

OR

This Guarantee shall be effective and remain in full force and effect from [date] (the "Start Date") to [date] (the "Expiry Date"), where the Expiry Date shall be at least 1 year after the Start Date and shall thereafter be automatically renewed, without amendment except as to the Expiry Date, for successive periods of 1 year or [X year(s)], whichever is greater (such new expiry date being the "Renewed Expiry Date"), unless we have given written notice to you at least thirty-eight days prior to the Expiry Date or (as the case may be) the Renewed Expiry Date of our intention not to renew this Guarantee. Demands, if any, must be made in writing and received by us at our [Banker's Guarantee Section] at [address] on or before the Expiry Date or (as the case may be) the Renewed Expiry Date. Thereafter, our obligations under this Guarantee shall automatically cease with no further liability on our part, whether or not this Guarantee is returned to us for cancellation, except for any demand which has been validly presented under this Guarantee on or before the Expiry Date or (as the case may be) the Renewed Expiry Date and remains unpaid.

8. This Guarantee shall not be assigned or transferred.
9. A person who is not a party to this Guarantee has no right under the Contracts (Rights of Third Parties) Act 2001 to enforce any term of this Guarantee.
10. This Guarantee shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore and all parties agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**SIGNED, SEALED AND DELIVERED for and on behalf of the
GUARANTOR [*name of guarantor financial institution in capital
letters*]**

by its Attorney(s):

[*name*]
[*designation*]

[*name*]
[*designation*]

acting under a Power of Attorney dated [*date*] (a copy of which was deposited in the Registry,
Supreme Court, Singapore on the [] day of [] [20] and registered as No.[*registration
number*] of [20])

in the presence of:

[Signature]

[Name of witness]

[Address]