

Rule modification title	Financing Framework for Procurement of Ancillary Services
Submitted By: Date:	Power System Operation Division, Energy Market Authority 4 August 2021
Rules Version/ Chapter/ Section	<u>Market Rules</u> (Version 1 July 2021): <ul style="list-style-type: none"> • Chapter 3 section 3.3.2 • Chapter 5 sections 8.2, 8.2A, 8.2B, 8.2C, 8.2D, 8.3 and 8.7 • Chapter 7 section 4.1.1 • Chapter 8
Description of Market Rules	Please refer to Annex 1 for the proposed modifications to the market rules.
Reasons for amendment	The Energy Market Authority (“ EMA ”) had in September 2020 decided to finance any new capital expenditure for the provision of ancillary services (“ AS ”) where this would lead to cost savings at the system level. The information paper on the financing framework for procurement of ancillary services (“ Financing Framework ”) issued by EMA is published at Energy Market Company’s (“ EMC ”) website. For more details on the information paper, please refer to EMC website .
Impact of proposed amendment on MP, MO, PSO and general public	Under the Financing Framework: <ol style="list-style-type: none"> a. EMA will fund the costs of procuring all necessary works, services and if applicable, land lease extension by the relevant Ancillary Service Provider (“ASP”) to enable the provision of the required AS (“Refurbishment Cost”); and b. EMC will at the request and on behalf of EMA recover the Refurbishment Cost and other associated costs, fees, expenses and liabilities (collectively the “Authority Funding Costs”) by including the same in the computation of the Monthly Energy Uplift Charge (“MEUC”) under the Market Rules and pay such recovered Authority Funding Costs to EMA. <p>Implementing the Financing Framework will entail EMA, EMC and the ASP entering into various agreements including an AS funding agreement between EMA and the ASP, a tripartite agreement between EMA, EMC and the ASP, and a framework agreement between EMA and EMC. The Market Rules will have to be modified to accordingly, with the proposed modifications as set out in Annex 1 for consultation.</p>
EMC’s Comments	The proposed modifications are made pursuant to the EMA’s directive made under Section 46(2)(b) of the Electricity Act.

	The EMA approved the proposed modifications on 11 November 2021, and the proposed modifications will take effect on 11 November 2021.
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Annex 1: Proposed Modifications to the Market Rules

Note: The corresponding formatting and editorial amendments will be made to the proposed modified text (see highlights in yellow) to ensure consistency with the rest of the Market Rules and provide greater clarity.

Clause in Market Rules	Original Text	Final Modified Text	Reasons
Section 3 of Chapter 3 of Market Rules (MR)	<p>3.3.2 Section 3 does not apply to:</p> <p>...</p> <p>3.3.2.4 a dispute over PSO's fees which were finalised by the Authority under section 12 of Chapter 2, but does apply if the dispute is over the calculation of those fees; and</p> <p>3.3.2.5 a dispute over a determination of an <i>arbitration tribunal</i>.</p>	<p>3.3.2 Section 3 does not apply to:</p> <p>...</p> <p>3.3.2.4 a dispute over PSO's fees which were finalised by the Authority under section 12 of Chapter 2, but does apply if the dispute is over the calculation of those fees; and</p> <p>3.3.2.5 a dispute over a determination of an <i>arbitration tribunal</i>; <u>and</u></p> <p><u>3.3.2.6 a dispute arising under or in connection with:</u></p> <p><u>a. any ancillary service funding agreement, which shall be resolved in accordance with its terms;</u></p> <p><u>b. any tripartite agreement, which shall be resolved in accordance with its terms;</u></p> <p><u>c. any ancillary service contract which is concluded at or about the same time as an ancillary service funding agreement pursuant to section 8.2B.2 of Chapter 5, which shall be resolved in accordance with its terms; and</u></p> <p><u>d. the framework agreement, which shall be resolved in accordance with its terms.</u></p>	<p>To clarify that the dispute resolution process in Section 3 of Chapter 3 will not apply to the ancillary service funding agreement, tripartite agreement, ancillary service contract concluded at or about the same time as the ancillary service funding agreement and framework agreement.</p>

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Section 8.2.1 of Chapter 5 of Market Rules	8.2.1 The <i>EMC</i> shall procure, on behalf and at the request of the <i>PSO</i> , <i>contracted ancillary services</i> through contracts with <i>ancillary service providers</i> that have demonstrated the ability to the <i>PSO</i> to provide such <i>contracted ancillary services</i> from <i>registered facilities</i> in accordance with the performance standards and other applicable requirements referred to in section 4.	8.2.1 The <i>EMC</i> shall procure, on behalf and at the request of the <i>PSO</i> , <i>contracted ancillary services</i> through contracts with <i>ancillary service providers</i> that have <u>either</u> : <p>8.2.1.1 demonstrated the ability to the <i>PSO</i> to provide such <i>contracted ancillary services</i> from <i>registered facilities</i> in accordance with the performance standards and other applicable requirements referred to in section 4; <u>or</u></p> <p>8.2.1.2 <u>concluded <i>ancillary service funding agreements</i> with the <i>Authority</i> with respect to such <i>contracted ancillary services</i>.</u></p>	Under the Financing Framework, the ancillary service contract should be signed only if an ancillary service funding agreement is in place

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Section 8.2A of Chapter 5 of Market Rules (MR)	[New section]	<p><u>8.2A CONTRACTED ANCILLARY SERVICES FUNDING</u></p> <p><u>8.2A.1 The Authority may from time to time enter into an ancillary service funding agreement with an ancillary service provider to fund the refurbishment cost for purposes of the provision of contracted ancillary services by that ancillary service provider.</u></p> <p><u>8.2A.2 The EMC and an ancillary service provider (which have entered into or will be entering into an ancillary service funding agreement with the Authority pursuant to section 8.2A.1) shall, at the request of the Authority, enter into a tripartite agreement with the Authority to allow the EMC to set-off or deduct ASFA liabilities from ASC payments.</u></p> <p><u>8.2A.3 The ancillary service provider shall:</u></p> <p><u>8.2A.3.1 submit the proposed scope, cost and completion timeline with respect to the refurbishment works to the PSO for its approval;</u></p> <p><u>8.2A.3.2 procure the refurbishment works, as approved by the PSO, to be performed in accordance with good utility practice and all applicable laws and regulations and so as to ensure that such refurbishment works when completed, shall be fit for the purposes of providing the applicable contracted ancillary service;</u></p> <p><u>8.2A.3.3 procure the refurbishment works to be completed no later than the agreed completion date stipulated in the ancillary service funding agreement, failing which the ancillary service provider shall be liable to pay liquidated damages to the Authority in accordance with the ancillary service funding agreement; and</u></p> <p><u>8.2A.3.4 if applicable, obtain the land lease extension.</u></p>	<p>To set out, amongst others:</p> <ul style="list-style-type: none"> • Some of the key contracts which are required to be entered into by EMA, EMC and/or the ancillary service provider under the Financing Framework; • The key obligations of an ancillary service provider with respect to the refurbishment works and if applicable, land lease extension, the costs of which are funded by EMA under the Financing Framework.

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		<p><u>8.2A.4 Amounts payable to an ancillary service provider to fund the refurbishment cost shall be paid by the Authority in accordance with the ancillary service funding agreement.</u></p> <p><u>8.2A.5 The amounts of the refurbishment cost funded by the Authority shall be recovered by the EMC (on behalf and at the request of the Authority) as part of the Authority funding costs by including such amounts in the computation of the payments under section 4.1 of Chapter 7.</u></p>	
Section 8.2B of Chapter 5 of Market Rules (MR)	[New section]	<p><u>8.2B ANCILLARY SERVICE FUNDING AND TRIPARTITE AGREEMENTS</u></p> <p><u>8.2B.1 Each ancillary service funding agreement shall contain the terms as required by the Authority which may include terms that address the following:</u></p> <p>8.2B.1.1 <u>the scope of the refurbishment works and if applicable, duration of the land lease extension;</u></p> <p>8.2B.1.2 <u>the situations in which the refurbishment works may be varied;</u></p> <p>8.2B.1.3 <u>the agreed fixed lump sum refurbishment cost to be funded by the Authority and if such costs could not be ascertained or agreed on a fixed lump sum basis as at the date of the conclusion of the ancillary service funding agreement, the manner in which such costs will be calculated and the agreed cap on such costs;</u></p> <p>8.2B.1.4 <u>the agreed date by which the refurbishment works and if applicable, land lease extension must be completed (subject to any adjustments as permitted under the ancillary service funding agreement) and the consequences of any delay in the completion;</u></p>	<ul style="list-style-type: none"> • To list the material terms of the ancillary service funding agreement and tripartite agreement. • To allow EMA to engage consultant(s) to carry out audits and monitoring of the refurbishment works and recover the costs of such engagement through EMC.

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		<p><u>8.2B.1.5</u>the situations in which the agreed costs or cap and the completion date of the <i>refurbishment works</i> and if applicable, <i>land lease extension</i> may be adjusted;</p> <p><u>8.2B.1.6</u>the conditions and schedule for the disbursement of funds by the <i>Authority</i> to the <i>ancillary service provider</i>;</p> <p><u>8.2B.1.7</u>the obligation of the <i>ancillary service provider</i> to enter into an <i>ancillary service contract</i> with the <i>EMC</i> and <i>tripartite agreement</i> with the <i>Authority</i> and the <i>EMC</i>;</p> <p><u>8.2B.1.8</u>the grounds which entitle the <i>Authority</i> to terminate the <i>ancillary service funding agreement</i> and consequences of termination;</p> <p><u>8.2B.1.9</u>the right (but not the obligation) of the <i>Authority</i> to step-in to take possession and control of the <i>refurbishment works</i> or <i>registered facility</i> (or any part thereof) in the event of certain breach or default of the <i>ancillary service provider</i>; and</p> <p><u>8.2B.1.10</u>the terms of assignment or transfer of the <i>ancillary service funding agreement</i> in the event of the assignment or transfer of the <i>funded contracted ancillary service resource</i> to another person.</p> <p><u>8.2B.2</u> An <i>ancillary service provider</i> shall agree on and enter into an <i>ancillary service funding agreement</i> with the <i>Authority</i> at or about the same time when it is agreeing on and entering into an <i>ancillary service contract</i> with the <i>EMC</i> pursuant to section 8.3.2.2 for the provision of <i>contracted ancillary service</i> from its <i>funded contracted ancillary service resource</i>.</p>	

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		<p><u>8.2B.3 The Authority may of its own accord engage one or more independent consultant(s) to:</u></p> <p><u>8.2B.3.1</u> <u>conduct an audit in respect of the scope, cost and schedule of the refurbishment works proposed by a prospective ancillary service provider prior to the entering into of any ancillary service funding agreement;</u></p> <p><u>8.2B.3.2</u> <u>conduct an audit in respect of the costs of the refurbishment works incurred by the ancillary service provider; and/or</u></p> <p><u>8.2B.3.3</u> <u>monitor progress and verify compliance of the refurbishment works in accordance with the standards set out in section 8.2A.3 and the ancillary service funding agreement.</u></p> <p><u>In the event of any such engagement:</u></p> <p><u>8.2B.3.4</u> <u>the Authority may engage a consultant, where necessary, with inputs from the prospective ancillary service provider (where the engagement is for the scope referred to in section 8.2B.3.1) or the ancillary service provider (where the engagement is for the scope referred to in section 8.2B.3.2 and/or 8.2B.3.3). The consultant selected should be an independent professional consultant of good repute and having relevant skill and expertise, and should not have any real or potential conflict of interests, whether commercial or otherwise, in connection with the conduct of such audit;</u></p> <p><u>8.2B.3.5</u> <u>prior to commencing the conduct of such audit, the consultant shall have executed a confidentiality agreement upon such terms and in such form as the Authority may prescribe;</u></p>	

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		<p><u>8.2B.3.6</u>the scope of the audit shall be determined by the <i>Authority</i>, where necessary, with inputs from the prospective <i>ancillary service provider</i> (where the engagement is for the scope referred to in section <u>8.2B.3.1</u>) or the actual <i>ancillary service provider</i> (where the engagement is for the scope referred to in section <u>8.2B.3.2</u> and/or <u>8.2B.3.3</u>);</p> <p><u>8.2B.3.7</u>all fees incurred by the <i>Authority</i> relating to the engagement of the consultant shall be recovered by the <i>EMC</i> under section 4.1 of Chapter 7;</p> <p><u>8.2B.3.8</u>the prospective or actual <i>ancillary service provider</i> (as the case may be) shall fully cooperate with, and provide all information and/or access to facilities, where relevant to the audit, to the consultant engaged by the <i>Authority</i>; and</p> <p><u>8.2B.3.9</u>the findings of the consultant’s audit (where the engagement is for the scope referred to in section <u>8.2B.3.1</u>) shall serve as only a reference for further negotiations between the <i>Authority</i> and the prospective <i>ancillary service provider</i>.</p> <p>8.2B.4 Subject to section 8.2B.6, each <i>tripartite agreement</i> shall contain <u>the terms as required by the <i>Authority</i> which may include terms that address terms and conditions that address, at a minimum,</u> the following:</p> <p><u>8.2B.4.1</u>the right of the <i>EMC</i> to set-off or deduct <i>ASFA liabilities</i> from <i>ASC payments</i>;</p> <p><u>8.2B.4.2</u>the scope of the <i>tripartite agreement</i> which shall cover amongst <u>others</u> any future <i>ancillary service funding agreement(s)</i> and future <i>ancillary service contract(s)</i> (which is concluded <u>at or about</u></p>	

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		<p><u>the same time as an ancillary service funding agreement(s) pursuant to section 8.2B.2) to be entered into by the ancillary service provider;</u></p> <p><u>8.2B.4.3</u>the procedures to effect the rights of set-off or deduction by the <i>EMC</i>;</p> <p><u>8.2B.4.4</u>the grounds which entitle the <i>Authority</i> to terminate the <i>tripartite agreement</i> and consequences of termination;</p> <p><u>8.2B.4.5</u>the right (but not the obligation) of the <i>Authority</i> to step-in to remedy any breach or default of the <i>EMC</i> (as notified by the <i>ancillary service provider</i> to the <i>Authority</i>) under any <i>ancillary service contract</i> which is subject to the <i>tripartite agreement</i>; and</p> <p><u>8.2B.4.6</u>the terms of assignment or transfer of the <i>tripartite agreement</i> in the event of the assignment or transfer of the <i>funded contracted ancillary service resource</i> to another person.</p> <p><u>8.2B.5</u> The <i>EMC</i> and an <i>ancillary service provider</i> shall agree and enter into a <i>tripartite agreement</i> with the <i>Authority</i> at the same time when they are agreeing and entering into an <i>ancillary service contract</i> pursuant to section 8.3.2.2 for the provision of <i>contracted ancillary service</i> from the <i>ancillary service provider's funded contracted ancillary service resource(s)</i>.</p> <p><u>8.2B.6</u> The provisions of section 8.2B.4 shall be subject to any contrary provisions in:</p> <p><u>8.2B.6.1</u> any <i>electricity licence</i>; or</p> <p><u>8.2B.6.2</u> the terms of any <i>tripartite agreement</i> the terms of which are required by an <i>electricity licence</i> to be, and have been, approved by the <i>Authority</i>.</p>	

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Section 8.2C of Chapter 5 of Market Rules (MR)	[New section]	<p><u>8.2C REFURBISHMENT COST</u></p> <p><u>8.2C.1 Subject to section 8.2C.2, the <i>refurbishment cost</i> to be funded by the Authority under an <i>ancillary service funding agreement</i> may cover any of the following:</u></p> <p><u>8.2C.1.1 the costs payable to the contractors and consultants appointed by the <i>ancillary service provider</i> to perform the <i>refurbishment works</i> and any other works (including pre-inspection works) to prepare for the commencement of the <i>refurbishment works</i>;</u></p> <p><u>8.2C.1.2 to the extent not included in the costs referred to in section 8.2C.1.1, the costs of insurances which the <i>ancillary service provider</i> is required to effect and maintain under the <i>ancillary service funding agreement</i>;</u></p> <p><u>8.2C.1.3 the premium and stamp duty (if any) payable for the <i>land lease extension</i>; and</u></p> <p><u>8.2C.1.4 such other costs and/or compensation amount as the Authority determines to be fair and reasonable under the circumstances.</u></p> <p><u>8.2C.2 The <i>refurbishment cost</i> to be funded by the Authority under an <i>ancillary service funding agreement</i> shall exclude:</u></p> <p><u>8.2C.2.1 any mark-up by the <i>ancillary service provider</i>, and</u></p> <p><u>8.2C.2.2 any costs, loss and expense incurred or to be incurred by the <i>ancillary service provider</i>, its contractors and/or consultants arising from or attributable to any default or negligence of the <i>ancillary service provider</i>, its contractors and/or consultants.</u></p>	To list the types of various costs to be covered under the refurbishment cost to be funded by EMA under the Financing Framework.

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Section 8.2D of Chapter 5 of Market Rules	[New section]	<p><u>8.2D FRAMEWORK AGREEMENT</u></p> <p><u>8.2D.1 The EMC shall, at the request of the Authority, enter into a framework agreement with the Authority to require the EMC to amongst others recover (on behalf of the Authority) the Authority funding costs.</u></p> <p><u>8.2D.2 The Authority funding costs payable to the Authority under the framework agreement shall be recovered by the EMC (on behalf of and at the request of the Authority) in accordance with section 4.1 of Chapter 7, and such amounts shall be paid by the EMC in accordance with the framework agreement.</u></p> <p><u>8.2D.3 The framework agreement shall contain the terms as required by the Authority which may include terms that address the following:</u></p> <p>8.2D.3.1 <u>the obligation of the EMC to recover (on behalf of the Authority) the Authority funding costs by including such costs in the computation of the payments under section 4.1 of Chapter 7;</u></p> <p>8.2D.3.2 <u>the obligation of the EMC to exercise its rights to set-off or deduct ASFA liabilities from ASC payments upon receipt of instructions from the Authority;</u></p> <p>8.2D.3.3 <u>the procedures for the recovery of the Authority funding costs and ASFA liabilities;</u></p> <p>8.2D.3.4 <u>the grounds which entitle the Authority to terminate the framework agreement; and</u></p> <p>8.2D.3.5 <u>the process for modifying the terms of the framework agreement.</u></p>	To set out the key terms and the process of the execution of the framework agreement between EMC and EMA.

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		<p><u>8.2D.4 The EMC shall conclude the framework agreement with the Authority on or before the conclusion of any ancillary service funding agreement pursuant to section 8.2B.2 with an ancillary service provider.</u></p>	
Section 8.3.1.1 of Chapter 5 of Market Rules	<p>8.3.1 The EMC shall, subject to section 8.3.5, include in each ancillary service contract terms and conditions that address, at a minimum, the following:</p> <p>8.3.1.1 the duration of the ancillary service contract, which shall not exceed 1 year;</p>	<p>8.3.1 The EMC shall, subject to section 8.3.5, include in each ancillary service contract terms and conditions that address, at a minimum, the following:</p> <p>8.3.1.1 the duration of the ancillary service contract, which shall not exceed 4 year <u>may be of any duration as deemed appropriate by the PSO or, in the case of an ancillary service contract which is concluded at or about the same time as an ancillary service funding agreement pursuant to section 8.2B.2, the Authority;</u></p>	To remove the 1-year restriction on the term of any ancillary service contract. The term of ancillary service contract which is procured under the Financing Framework may be longer than 1 year.
Section 8.3.1.1A of Chapter 5 of Market Rules	[New section]	<p><u>8.3.1.1A in respect of any ancillary service contract which is concluded at or about the same time as an ancillary service funding agreement pursuant to section 8.2B.2, the term for the provision of the contracted ancillary services shall only commence on the completion of the refurbishment works and the PSO being satisfied that the applicable registered facility is able to provide contracted ancillary services in accordance with the performance standards and other applicable requirements referred to in section 4;</u></p>	To provide that the provision of ancillary service under an ancillary service contract, which is procured under the Financing Framework, will only commence after

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			completion of refurbishment works and PSO being satisfied with the registered facility's ability to satisfy the relevant requirements.
Section 8.7.1 of Chapter 5 of Market Rules	<p>8.7.1 The <i>EMC</i> shall treat information relating to the procurement of <i>contracted ancillary services</i> as follows:</p> <p>8.7.1.1 the <i>EMC</i> shall <i>publish</i> annually the total costs of each class of <i>contracted ancillary services</i> listed in section 8.2.2 subject to <i>ancillary service contracts</i>; and</p> <p>8.7.1.2 the <i>EMC</i> shall <i>publish</i> annually the quantities of each class of <i>contracted ancillary service</i> listed in section</p>	<p>8.7.1 The <i>EMC</i> shall treat information relating to the <u>funding of the refurbishment cost and</u> procurement of <i>contracted ancillary services</i> as follows:</p> <p>8.7.1.1 the <i>EMC</i> shall <i>publish</i> annually the total costs of each class of <i>contracted ancillary services</i> listed in section 8.2.2 subject to <i>ancillary service contracts</i>; <u>together with estimates of the total costs of each class of contracted ancillary services the EMC expects to recover for the next 36 months;</u> and</p> <p>8.7.1.2 the <i>EMC</i> shall <i>publish</i> annually the quantities of each class of <i>contracted ancillary service</i> listed in section 8.2.2 covered under <i>ancillary service contracts</i>, together with estimates of any additional quantities the <i>EMC</i> expects to acquire during the next 42<u>36</u> months; and</p> <p>8.7.1.3 the <i>EMC</i> shall <i>publish</i> annually the total <u>Authority funding costs for the preceding 12 months which the EMC has recovered on behalf of the Authority</u> in accordance with section 4.1 of Chapter 7, together with</p>	To require EMC to publish annually the total amount of Authority funding costs collected by EMC and the estimates thereof to be collected for the following year.

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	<p>8.2.2 covered under <i>ancillary service contracts</i>, together with estimates of any additional quantities the <i>EMC</i> expects to acquire during the next 12 months.</p>	<p><u>estimates of the total <i>Authority funding costs</i> that the <i>EMC</i> expects to recover on behalf of the <i>Authority</i> for the next 1236 months.</u></p>	
<p>Section 4.1.1 of Chapter 7 of Market Rules</p>	<p>4.1.1 Prior to the beginning of each calendar month, the <i>EMC</i> shall calculate for that calendar month the monthly amount for compensation and other payments (MACP), which shall be the sum of:</p> <p>4.1.1.1 an estimate of the amounts that has or may be invoiced by the <i>ancillary service providers</i> under <i>contracted ancillary service contracts</i>;</p>	<p>4.1.1 Prior to the beginning of each calendar month, the <i>EMC</i> shall calculate for that calendar month the monthly amount for compensation and other payments (MACP), which shall be the sum of:</p> <p>4.1.1.1 an estimate of the amounts that has or may be invoiced by the <i>ancillary service providers</i> under contracted <i>ancillary service contracts</i>;</p> <p>4.1.1.2 an estimate of the costs that may be incurred by the <i>PSO</i> in testing related to the procurement of <i>ancillary services</i>;</p> <p>4.1.1.2A an estimate of the costs that may be incurred by the <i>EMC</i> and the <i>Authority</i> in engaging consultants to conduct any audit and/or services related to the procurement of <i>ancillary services</i> and <i>refurbishment works</i> under sections 8.3.4 and 8.2B of Chapter 5;</p> <p>4.1.1.2B an estimate of the <i>Authority funding costs</i> that are or may be due or payable to the <i>Authority</i> under the <i>framework agreement</i>;</p>	<ul style="list-style-type: none"> • To allow EMC to recover as part of the Monthly Energy Uplift Charge the refurbishment cost and other associated costs, expenses and liabilities that may be funded and/or incurred by EMA and EMC under the Financing Framework. • To allow the Monthly Energy

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	<p>4.1.1.2 an estimate of the costs that may be incurred by the <i>PSO</i> in testing related to the procurement of <i>ancillary services</i>;</p> <p>4.1.1.2A an estimate of the costs that may be incurred by the <i>EMC</i> in engaging a consultant to conduct any audit related to the procurement of <i>ancillary services</i> under section 8.3.4 of Chapter 5;</p> <p>4.1.1.3 the amounts of compensation claims to be paid by the <i>EMC</i> or the <i>PSO</i> under section 3.11 of Chapter 3, and the compensation amounts to be paid by the <i>EMC</i> under section 10.5 of Chapter 6;</p>	<p><u>4.1.1.2C the amount of compensation and/or costs that have been awarded against the <i>Authority</i> under any <i>ancillary service funding agreement, AS financing documents, tripartite agreement and/or framework agreement</i> or otherwise payable by the <i>Authority</i> in connection with the resolution of any disputes or appeals under, arising out of or in connection with any of these contracts (including in connection with any consolidation of proceedings or joinder to any proceedings);</u></p> <p><u>4.1.1.2D an estimate of the costs and expenses (including legal costs and taxes) that are or may be incurred by the <i>Authority</i> to make any claims against, or defend any claims made by, a counterparty to any <i>ancillary service funding agreement, AS financing documents, tripartite agreement and/or framework agreement</i> under, arising out of or in connection with any of these contracts (including in connection with any consolidation of proceedings or joinder to any proceedings);</u></p> <p>4.1.1.3 the amounts of compensation claims to be paid by the <i>EMC</i> or the <i>PSO</i> under section 3.11 of Chapter 3, and the compensation amounts to be paid by the <i>EMC</i> under section 10.5 of Chapter 6;</p> <p>4.1.1.4 the amount of compensation and/or costs that have been awarded against the <i>EMC</i> and/or the <i>PSO</i> under the <i>market rules</i> or otherwise payable by the <i>EMC</i> and/or the <i>PSO</i> in connection with the resolution of any disputes or appeals</p>	<p>Uplift Charge to be reduced (i) by any compensation received by EMA from an ancillary service provider which is subject to the Financing Framework and (ii) by any compensation received by the EMC under any ancillary service contract and/or tripartite agreement.</p>

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	<p>4.1.1.4 the amount of compensation and/or costs that have been awarded against the <i>EMC</i> and/or the <i>PSO</i> under the <i>market rules</i> or otherwise payable by the <i>EMC</i> and/or the <i>PSO</i> in connection with the resolution of any disputes or appeals under, arising out of or in connection with these <i>market rules</i>; and</p> <p>4.1.1.4A the amount of financial penalties to be refunded to <i>market participants</i> pursuant to any award made by an <i>arbitration tribunal</i> under these <i>market rules</i> or as directed by the <i>market surveillance and compliance panel</i> under section D.5.4 of Appendix 5D or section</p>	<p>under, arising out of or in connection with these <i>market rules</i>; and</p> <p>4.1.1.4A the amount of financial penalties to be refunded to <i>market participants</i> pursuant to any award made by an <i>arbitration tribunal</i> under these <i>market rules</i> or as directed by the <i>market surveillance and compliance panel</i> under section D.5.4 of Appendix 5D or section E.5.4 of Appendix 5E or a court in Singapore;</p> <p><u>4.1.1.4B the amount of compensation and/or costs that have been awarded against the <i>EMC</i> under any <i>ancillary service contract, tripartite agreement</i> and/or the <i>framework agreement</i> or otherwise payable by the <i>EMC</i> in connection with the resolution of any disputes or appeals under, arising out of or in connection with any of these contracts (including in connection with any consolidation of proceedings or joinder to any proceedings);</u></p> <p><u>4.1.1.4C an estimate of the costs and expenses (including legal costs and taxes) that are or may be incurred by the <i>EMC</i> to make any claims against, or defend any claims made by, a counterparty to any <i>ancillary service contract, tripartite agreement</i> and/or the <i>framework agreement</i> under, arising out of or in connection with any of these contracts (including in connection with any consolidation of proceedings or joinder to any proceedings); and</u></p>	

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	<p>E.5.4 of Appendix 5E or a court in Singapore;</p> <p>Less the aggregate of:</p> <p>4.1.1.5 the amount of compensation and/or costs received by the <i>EMC</i> and/or the <i>PSO</i> pursuant to any award made by an <i>arbitration tribunal</i> under these <i>market rules</i> or otherwise received by the <i>EMC</i> and/or the <i>PSO</i> in connection with the resolution of any disputes or appeals under, arising out of or in connection with these <i>market rules</i>;</p> <p>4.1.1.6 the amount received by the <i>EMC</i> in the form of financial penalties imposed by the <i>market surveillance</i></p>	<p><u>4.1.1.4D save to the extent that such costs and expenses are set out in the other sub-paragraphs of this section 4.1.1, an estimate of the costs and expenses that are or may be incurred by the <i>EMC</i> in connection with the performance of its obligations (including any payment obligations) under any ancillary service contract, tripartite agreement and/or framework agreement including the costs and expenses (including legal costs and taxes) incurred by the <i>EMC</i> in connection with the preparation, negotiation, printing, and execution of any ancillary service contract, tripartite agreement and/or the framework agreement.</u></p> <p>Less the aggregate of:</p> <p>4.1.1.5 the amount of compensation and/or costs received by the <i>EMC</i> and/or the <i>PSO</i> pursuant to any award made by an <i>arbitration tribunal</i> under these <i>market rules</i> or otherwise received by the <i>EMC</i> and/or the <i>PSO</i> in connection with the resolution of any disputes or appeals under, arising out of or in connection with these <i>market rules</i>;</p> <p><u>4.1.1.5A the amount of <i>ASFA liabilities</i> received by the <i>Authority</i> under any ancillary service funding agreement and/or tripartite agreement (including in the event of termination of an ancillary service funding agreement, the refurbishment cost recovered from an ancillary service provider);</u></p> <p><u>4.1.1.5B the amount of any compensation and/or costs received by the <i>EMC</i> from an ancillary service provider under any ancillary service contract and/or tripartite agreement (including in the event of termination of an ancillary service</u></p>	

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	<p>and <i>compliance panel</i> under these <i>market rules</i> and financial penalties imposed by the automatic financial penalty scheme under section 3.6.3 of Chapter 5 and Appendix 5E or under section 3.7.3 of Chapter 5 and Appendix 5D;</p> <p>4.1.1.7 the amount of insurance monies received by the <i>EMC</i> for any compensation claims awarded against the <i>EMC</i> under these <i>market rules</i>, and</p> <p>4.1.1.8 the amount of <i>fixed market-related charge</i> received by the <i>EMC</i> under sections 5.4B.2 and 5.4B.4 of Chapter 2.</p>	<p><u>contract, any refund of payment recovered from an ancillary service provider);</u></p> <p>4.1.1.6 the amount received by the <i>EMC</i> in the form of financial penalties imposed by the <i>market surveillance and compliance panel</i> under these <i>market rules</i> and financial penalties imposed by the automatic financial penalty scheme under section 3.6.3 of Chapter 5 and Appendix 5E or under section 3.7.3 of Chapter 5 and Appendix 5D;</p> <p>4.1.1.7 the amount of insurance monies received by the <i>EMC</i> for any compensation claims awarded against the <i>EMC</i> under these <i>market rules</i>, and</p> <p>4.1.1.8 the amount of <i>fixed market-related charge</i> received by the <i>EMC</i> under sections 5.4B.2 and 5.4B.4 of Chapter 2.</p>	

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New definitions in Chapter 8 of Market Rules	<p>1.1.39 <i>contracted ancillary service resource</i> means a facility that is subject to a <i>contracted ancillary service contract</i>;</p> <p>[New sections]</p>	<p>1.1.39 <i>contracted ancillary service resource</i> means a facility that is subject to an <i>contracted ancillary service contract</i>;</p> <p>1.1.6A <i>ancillary service financier</i> means any person who provides financing, credit, advances or loans (or any refinancing thereof) to the <i>Authority</i> to fund the <i>refurbishment cost</i> pursuant to any <i>AS financing documents</i>;</p> <p>1.1.6B <i>ancillary service funding agreement</i> means an agreement entered or to be entered into between the <i>Authority</i> and an <i>ancillary service provider</i> pursuant to section 8.2A.1 of Chapter 5;</p> <p>1.1.13A <i>AS financing documents</i> means all financing agreements entered or to be entered into by the <i>Authority</i> and other documents in relation thereto, for or in connection with the financing of the <i>refurbishment cost</i> for the purpose of procurement of <i>contracted ancillary services</i> and any refinancing thereof provided by one or more <i>ancillary service financiers</i>;</p> <p>1.1.13B <i>ASC payments</i> means any payments or monies due (or as may become due) to an <i>ancillary service provider</i> under one or more <i>ancillary service contracts</i> entered into by that <i>ancillary service provider</i> (including fees for the provision of any <i>contracted ancillary service</i> and compensation and any other payment arising from the termination of any <i>ancillary service contract</i>);</p> <p>1.1.13C <i>ASFA liabilities</i> means any damages, losses, costs, expenses and liabilities due (or as may become due) to the <i>Authority</i> under an <i>ancillary service funding agreement</i> (including liquidated damages for</p>	

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		<p><u>any delay in the completion of the <i>refurbishment works</i> and liabilities arising from termination of the <i>ancillary service funding agreement</i>);</u></p> <p>1.1.14A <u><i>Authority funding costs</i> means the total of:</u></p> <p>(a) <u>the fees, costs and expenses (including pre-assessment inspection, technical consultation, legal costs and taxes) incurred by the <i>Authority</i> to procure, negotiate and/or execute the <i>framework agreement</i>, the <i>ancillary service funding agreements</i>, the <i>tripartite agreements</i>, the <i>AS financing documents</i> and all other ancillary documents in relation thereto;</u></p> <p>(b) <u>any <i>refurbishment cost</i>, interests, charges, fees, damages, losses, costs, liabilities and expenses which are incurred and/or payable by the <i>Authority</i> under the <i>ancillary service funding agreements</i>;</u></p> <p>(c) <u>if the <i>Authority</i> elects to fund all or any part of the <i>refurbishment cost</i> using its own funds, any interests, charges, fees, taxes, costs and expenses which are imposed, prescribed, incurred and/or payable by the <i>Authority</i> with respect to such funding;</u></p> <p>(d) <u>if the <i>Authority</i> elects to fund all or any part of the <i>refurbishment cost</i> using any financing, credit, advances or loans (or any refinancing thereof) granted to the <i>Authority</i> by an <i>ancillary service financier</i>, the principal amount of loans, interests, charges, fees, taxes, costs, liabilities (if any) and expenses which are incurred and/or payable by the <i>Authority</i> under the <i>AS financing documents</i> (including any charges, fees, costs and expenses payable by the <i>Authority</i> to an <i>ancillary service financier</i> in the event of any termination or cancellation of the <i>AS financing documents</i> or any part thereof);</u></p> <p>(e) <u>the fees, costs and expenses (including legal costs and taxes) incurred by the <i>Authority</i> in connection with the performance of any of its</u></p>	

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		<p>obligations or the exercise of any of its rights <u>(including the exercise of any step-in rights by the Authority)</u> under the <i>framework agreement, the ancillary service funding agreements, the tripartite agreements and/or the AS financing documents</i>, and/or all other ancillary documents in relation thereto; and</p> <p>(f) <u>such other costs and/or compensation amount as the Authority determines to be fair and reasonable under the circumstances.</u></p> <p>1.1.110A <i>framework agreement</i> means a contract entered or to be entered into between the <i>EMC</i> and the <i>Authority</i> pursuant to section 8.2D.1 of Chapter 5;</p> <p>1.1.110B <i>funded contracted ancillary service resource</i> means a <i>registered facility</i> that is subject to both an <i>ancillary service funding agreement</i> and an <i>ancillary service contract</i> which is concluded <u>at or about the same time as</u> such <i>ancillary service funding agreement</i> pursuant to section 8.2B.2;</p> <p>1.1.129A <i>land lease extension</i> means any extension of the term of the <i>registered facility lease</i> to enable a <i>funded contracted ancillary service resource</i> to provide the <i>contracted ancillary service</i> for the period required under the applicable <i>ancillary service funding agreement</i>;</p> <p>1.1.222A <i>refurbishment cost</i> means the costs of the <i>refurbishment works</i> (including insurance costs) and if applicable, <i>land lease extension</i>;</p> <p>1.1.222B <i>refurbishment works</i> means the works and services procured or to be procured by an <i>ancillary service provider</i> to enable its <i>funded</i></p>	

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		<p><u>contracted ancillary service resource to provide contracted ancillary services in accordance with the performance standards and other applicable requirements referred to in section 4 of Chapter 5;</u></p> <p>1.1.223A <u>registered facility lease means the agreement for lease or if issued, the lease with respect to the land on which a funded contracted ancillary service resource is located;</u></p> <p>1.1.289A <u>tripartite agreement means an agreement entered or to be entered into between the Authority, the EMC and an ancillary service provider pursuant to section 8.2A.2 of Chapter 5.</u></p>	