

## Response to Comments Received on RC395: Residual Vesting Scheme Framework

S/N	Reference	Comments	Response
<b>Comments from PacificLight Power</b>			
1	Chapter 7 2 Settlement Data 2.5 Vesting Contract Data, Explanatory Note	<p>PacificLight Power have noted that the proposed modifications generally align with the “<i>Procedures for Calculating the Components of Vesting Contracts for 1 July 2023 to 30 June 2028</i>” published by EMA in Jun 2023.</p> <p>We also note the following proposed rule changes on clause 2.5 under Chapter 7:</p> <ol style="list-style-type: none"> <li>a. “The EMC will determine the <b>expected</b> residual vesting quantity and will allocate the price for each residual tranche, for each holder of a residual vesting contract and each settlement interval on an <b>ex-post basis</b>.”</li> <li>b. “The quarterly tariff to apply to the non-contestable consumers in each quarter will include the <b>expected</b> cost of the base vesting, the tender vesting and the residual vesting contracts payments <b>allocated</b> to the holders of vesting contracts an adjustment to account for the shortfall or surplus in the previous quarters between the amount paid by non-contestable consumers and the amount paid to the holders of vesting contracts.”</li> </ol> <p>We would like to seek clarification on the “expected” costs mentioned above. We understand that the cost of base vesting and tender vesting would have been fixed when the quarterly tariff is being determined, and the cost of residual vesting scheme is on an ex-post basis meaning that any calculation would be also be final at that point.</p>	<p>We would like to clarify that the expected residual vesting quantity will be the quantity calculated by EMC, on an ex-post basis, in accordance with the timeline and methodology set out in the market rules. For example, the residual vesting quantity (and the respective settlement amount) pertaining to trading day 1 January will be reflected on the preliminary and final settlement statement of trading day 17 March (TD+75CD)</p> <p>As for the tariff, we would like to clarify that the cost of base vesting and tender vesting would have been fixed when the quarterly tariff is set. However, for the cost related to residual vesting scheme (RVS), there can be potentially a 7-month lag between the trading day to which the RVS pertains and the recovery of such RVS credits/debits from consumers. For instance, RVS Credits/Debits pertaining to trading days in March to May can only be finalised by EMC in June to August, and subsequently recovered from Q4 tariff starting in October. Hence, the quarterly tariff includes not only the base vesting and tender vesting contracts of the prevailing quarter but also the RVS credits/debits of <i>previous quarters</i>.</p> <p>We noted the confusion that might be caused by use of the word “expected” and have updated the rules to make it clearer.</p>
<b>Comments from Senoko</b>			
2	<p><b>2.5 Vesting Contract Data</b></p> <p>“The quarterly tariff to apply to the non-contestable consumers in each quarter will include the <b>expected cost</b> of the base vesting, the tender vesting and the <b>residual vesting</b> contracts payments allocated to the holders of vesting contracts and an adjustment to account for the shortfall or surplus in the previous quarters between the amount paid by non-contestable consumers and the amount paid to the holders of vesting contracts.”</p>	<ul style="list-style-type: none"> <li>• Could EMC please share how would the expected cost of the Residual Vesting Scheme be determined on a quarter-ahead basis?</li> </ul>	<p>As clarified above, the settlement under the RVS is still computed on an ex-post basis.</p>

S/N	Reference	Comments	Response
3	<p><b>2.5.3A</b>  MDQr(h)  = Maximum Daily Contracted Quantity for settlement interval r(h) of that trading day</p>	<ul style="list-style-type: none"> <li>Can we confirm that MDQr(h) is the total energy equivalent of the gas Maximum Daily Quantity?  I.E., Total gas contracted for Base Vesting and Tender Vesting, converted to electricity MWh.</li> </ul>	<p>The MDQr(h) is the gas contracted with GSPL under the Base Vesting and Tender Vesting contracts, converted to MWh.</p>
4	<p><b>2.5.7</b>  “The Authority shall, by no later than 5:00 p.m. in the first business day after the 10th calendar day of the second month following the end of the last trading day of a calendar month, provide the EMC with an electronic data file containing the information required for the settlement of residual vesting contract (as referred to in section 2.5.6 above) of that calendar month.”</p>	<p>Please confirm that there will be no change to the Vesting holders’ (Gencos) current submission timeline for UEGQ and RVP information.</p>	<p>There will be no change to the Vesting holders’ current submission timeline for UEGQ and RVP information. EMA will inform and consult the industry if there are any further changes to the process in the future.</p>
<b>Comments from Keppel</b>			
5	<p><b>N.A.</b></p>	<p>Keppel requests for the settlement data currently provided by SP to vesting contract holders for monthly RVS settlement, e.g., Residual NCC Load (MWh) and Total UEGQs (MWh), to continue to be made available to vesting contract holders on EMC’s web portal.</p>	<p>The RVS system currently does not allow for specific parameters of the RVS computations (e.g. Residual NCC Load (MWh) and Total UEGQs (MWh)) to be individually pulled/obtained from the RVS system to be made available to the respective vesting contract holders for viewing.</p>