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| **S/N** | **Clarifications on Embedded Generation** | **EMA’s responses** |
| 1 | For the plots on which the load facilities and a potentially acquired adjacent generating unit sit, if the assets are ultimately owned by a holding co, does this mean that the embedded generating unit and load facilities are on a contiguous plot of land? Is the amalgamation of these plots required for them to be considered a contiguous plot? | Noted that under the proposed EG arrangement, (i) the load facilities are sitting on different land plots which are conjoint; and (ii) the land parcel is adjacent to the load facilties.    If the above understanding is correct, (i) and (ii) can be deemed as contiguous plot of land provided that it can be demonstrated that the land parcel in (ii) “shares a common border” with the conjoint land in (i).    Otherwise, an amalgamation of the land plots in (i) and (ii) may be necessary for these land plots to be considered contiguous. Alternatively, there needs to be a point-to-point (i.e. dedicated) electrical connection between the embedded generating units and load facilities. |
| 2 | Does “at least 50% ownership” apply to the aggregation of generating unit, load facilities and lands (for both generating unit and load facilities), or does the “at least 50% ownership” apply to each of the generating unit, load facilities and lands individually? | It is the latter i.e. the “at least 50% ownership” apply to each of the generating unit, load facilities and lands individually. |
| 3 | Can the ownership be by way of an asset company, or does the entity need to own at least 50% of the assets (generating unit, load facilities and land) directly? | Yes, if the embedded generating unit, load facilities, and the land on which the load facilities and generation facility are located, are **majority-owned by the same legal entity.** |
| 4 | In the case of non-contiguous land, can we clarify if the “majority ownership includes the non-contiguous land” means that land separating the generating unit and load facilities must also be majority owned by the consumer entity? | Yes, the non-contiguous land must also be majority owned by the same legal entity who is also the consumer. |
| In a hypothetical non-contiguous situation where the EG unit and the load facilities are far apart. Are all the plots of land between the EG unit and the load facilities considered as the “non-contiguous” lands and therefore have to be also majority owned by the consumer? Furthermore, if the EG and the load facilities are on different side of the road, would that pose an issue if there is a road separating these 2 facilities? | So long as the land on which the load facilities and EG units are located do not “share a common border”, these land parcel would be considered as non-contiguous. Accordingly, para 2.1(c)(ii) of EMA’s Info Paper for EG requires the non-contiguous land to also be majority owned by the same legal entity, who is also the consumer.  In the scenario where the point-to-point connection needs to run though or across common roads, drains, canals or other encumbrances, the feasibility of the proposed set-up is subject to the necessary clearances from relevant authorities and/or developers. |
| In the case of our existing ownership structure where the load facilities are **ultimately** held by the same company, can and these load facilities still be considered majority owned by the same consumer entity? | Considering that the load facilities are wholly-owned by the same company, these asset companies can be considered to be majority owned by that company. |
| 5 | For the outsourcing of the embedded generating units, are there any restrictions/guidelines on the business relationships between the consumer and the outsourced third party?  In particular, can the electricity be generated by the third party and sold to the consumer via a PPA for instance? | The consumer may outsource the embedded generating units by engaging third parties to develop, own and operate the embedded generating units, provided that such outsourcing does not create market power or add to the existing market power of the third party.    Considering that the EG unit and onsite consumption by the load facilities are situated at different premises, the appointed third party would be required to hold the Electricity Retailer Licence before it can commence the sale of electricity via a PPA. |
| May I further clarify that in your response, it seems that there is a condition that if the EG unit and the onsite consumption (ie, the load facilities) are on different premises, then the Electricity Retailer License is required to be possessed by the outsourced third party for the supply of electricity, via a PPA, to the consumer. In our case where the EG and the load facilities are all located on a contiguous plot (if condition of a common border is satisfied), does the outsourced third party require the Electricity Retailer License?  In other words, would the land plots be considered on different premises given that they are on a contiguous plot, or as long as they have a different mukim number, they are considered as being on different premises? | It is the latter. In the scenario where the land plots on which the EG unit and load facilities are sited have different mukim numbers, these land parcels would be regarded as a different premises. |
| Are there restrictions on whether the third party is a related entity to the consumer. If the third party is an external party to the consumer, does it mean that the embedded generating unit and the land need not be owned by the consumer? | If an external third party is appointed, the EG unit can be owned by the said third party while the load facilities and land on which the load facilities and EG facility are located are still required to be majority owned by the same consumer. |
| Could we clarify on the specific condition of not creating market power? If the third-party developer of the generating unit is supplying power which is 100% internally consumed onsite (or internally by the consumer in a subsequent phase), would the development of the embedded generating unit be deemed to create market power or add to existing market power? | EMA will take into consideration the third party’s existing portfolio of generation capacity (if any) to assess if there are market power concerns. This is regardless of whether the electricity is fully consumed internally by the consumer. |
| May I further clarify if there is a guidance on the range of generation capacity that EMA will consider substantial as market power? The proposed EG is expected to generate around 10MW of power. (may be higher or lower depending on the detailed engineering) | EMA will consider the existing portfolio of the owner’s generating capacity (if any) in determining whether the additional embedded generator contributes to market power, regardless of whether the electricity is fully consumed internally by the consumer. Having said that, a 10MW unit is unlikely to add to market power. |
| 6 | Would there be restrictions in terms of how the energy generated from the embedded generating unit be used for future developments (may or may not be at proximity to the embedded generating unit) despite the primary purpose being to cater energy for the load facility. | The electricity generated from the EG unit shall be primarily for internal consumption onsite in order to maintain the EG status.    As for future developments which we take to mean additional loads which may not be at proximity to the embedded generating unit, the same eligibility conditions for EG as set out in para 2.1 of EMA’s Information Paper must be adhered to if the intent is for the EG to directly supply such loads. This may include the justifications to support why there is insufficient contiguous land available if the future developments are not at proximity to the EG unit. |
| Some of the options we have, are presented below and we hope to get some guidance:  1. To export the unconsumed power to the grid. In which case it would mean that the generating unit will no longer be supplying power to the load facility. In such a case what would the licensing requirement be? (considering options where the nameplate capacity of the generating unit might either be less than or more than 10MW) Alternatively, assuming that the generating unit would like to keep its status as an EG (the generating unit still supplies some power to the load facility in parallel with this same load facility getting the increase in contracted capacity from SPPG), can the EG export any unconsumed power to the grid and if it is allowed, what might be the allowed percentage export?  2. To supply the unconsumed power to a future development in the vicinity (which is referenced in your response). If the future load is also a wholly owned subsidiary of the consumer , where the company is the original consumer of this EG, then can we assume no new arrangement of EG needs to be made for the supply of electricity to this future development?  3. To supply the unconsumed power to a future development far away from the generating unit via a Sleeved or Virtual PPA. (understand that this would be similar, almost like an extension to option 1 of exporting to grid) We would appreciate if you could advice if this is possible and again what might the licensing requirement be like? | We have further split option #1 into option #1a (EG status is not retained) and option #1b (EG status is retained). For both scenarios, we assume that the consumer intends to engage a third-party to own and operate the generating unit prior to applying for the EG status.  However, if this is not the case, the legal entity which owns the generating unit would have to apply for the relevant electricity licence in accordance with EMA’s licensing requirements as set out in the list below.  • For generating units with a name-place capacity of below 1MW, you are exempted from holding an electricity licence.  • For generating units with a name-place capacity of 1 MW or more but less than 10MW:   1. if the generating unit is connected to the power grid, you would be required to apply for the Wholesaler Licence. 2. if the generating unit is not connected to the power grid, you are exempted from holding an electricity licence.   • For generating units with a name-place capacity of 10 MW or more, you would be required to apply for the Generation Licence regardless of whether the generating unit is connected to the power grid.  **Option #1a:** If the generating unit is no longer be supplying power to the load facility, the consumer would not be eligible for the EG status given that embedded generation entails supplying the generation output directly to an on-site load without going through the transmission system.  **Option #1b:** To retain the EG status, the consumer would have to demonstrate that the load consumes at least 50% of the annual generation from the EG unit.  **Option #2:** Assuming that the future load facilities is majority owned by the same consumer and are supplied by the same EG unit, no new EG arrangement is required in this case.  **Option #3:** If the load which is also majority owned by the same consumer is far away from the generating unit such that point-to-point connection is infeasible, the electricity could be exported into the grid (receiving pool price) while the load will purchase the electricity from a licensed retailer or directly from the pool. No additional licence is required. |