

# Invest



## Me & My Property

Before investing in properties, entrepreneur Gerald Tan researches extensively such as viewing listings online. **B11**



The Energy Market Authority stated earlier this year that consumers who have switched out of buying electricity from SP Power to one of the 12 electricity retailers pay a rate that is about 20 to 30 per cent lower than the regulated tariff. ST FILE PHOTO

# Open electricity market: How to save energy and money

About 34% of household consumers made switch, most on 24-month standard price plan



**Lorna Tan**  
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The nationwide roll-out of the Open Electricity Market (OEM) has been completed so consumers have the power to choose who to buy electricity from and potentially lower their power bills.

The roll-out started with a soft launch to households and businesses in Jurong in April last year and ended with the last zone in May, with around 1.6 million accounts or households connected.

You would have received a notification package and a booklet on how to switch out of buying electricity from SP Power to one of the 12 retailers.

The option to choose from these electricity retailers comes with benefits like competitive pricing and innovative offers such as cash rebates if paying via selected credit cards.

About 34 per cent of household consumers have made a switch.

The Energy Market Authority (EMA) stated earlier this year that consumers who have switched pay an electricity rate that is about 20 to 30 per cent lower than the regulated tariff.

Retailers are offering rates ranging from 17.66 cents/kWh (kilowatt hour) to 23.01 cents/kWh for their fixed price plans and discounts ranging from 14.5 per cent to 25 per cent off the regulated tariff plans. Most households that switched signed up for 24-month standard price plans.

The fixed-price plans have seen a higher take-up than the discount

off the regulated tariff plans, the EMA said.

Bear in mind that you should buy electricity only from retailers authorised by the EMA. And buying electricity from a retailer does not change the way power is physically supplied to you because SP will continue to operate the national grid.

For those who have not switched to an electricity retailer, there is no time pressure as you can change at any time and you can continue to buy electricity from SP at the regulated tariff as you do today.

The Sunday Times highlights the role of SP, and the various plans and factors to consider so you can make an informed decision on the price plan that best suits your needs.

### SP's role in OEM

SP does not generate or sell electricity. It buys it from power generation companies and distributes it to consumers at zero markup.

SP has continued to own, operate and maintain the national electricity grid since the OEM.

It transmits and distributes electricity to all consumers. This ensures a reliable supply, regardless of your choice of retailer.

SP also acts as a safeguard. If a retailer ceases operations, SP Group will take over the accounts at the default tariff price and continue to supply electricity to consumers.

### SP's Wholesale Price Plan

Consumers can choose from any of the 12 retailers (the list may change over time), selecting one of the many price plans that best suits their needs.

Some consumers may not be aware that they can also buy directly from the wholesale electricity market via SP.

This is because SP offers two price plans - the regulated tariff and a wholesale price.

Consumers who prefer to keep

## How they compare

Name	Type of plans offered	Contract length
Best Electricity	Fixed-rate plan	6 months/1 year/2 years
	Discount-off tariff plan	1 year/2 years
Diamond Electric Geneco	Non-standard	2 years
	Discount-off tariff plan	No contract/1 year/2 years
	Fixed-rate plan	1 year/2 years
iSwitch	Discount-off tariff plan	6 months/1 year/2 years
	Non-standard	2 years
	Fixed-rate plan	1 year/2 years/3 years
Keppel Electric	Discount-off tariff plan	1 year/2 years
	Fixed-rate plan	1 year/2 years/3 years
	Discount-off tariff plan	3 months/2 years
Ohm Electricity	Non-standard	2 years
	Fixed-rate plan	No contract/6 months/1 year/2 years
	Discount-off tariff plan	6 months/1 year
PacificLight	Wholesale market rate plan	No contract
	Fixed-rate plan	1 year/2 years/3 years
	Discount-off tariff plan	1 year
SembCorp Power	Peak and off-peak plan	1 year/2 years/3 years
	Fixed-rate plan	1 year/2 years
	Discount-off tariff plan	1 year/2 years
Senoko Energy	Peak and off-peak plan	1 year
	Non-standard	No contract
	Fixed-rate plan	1 year/2 years
Sunseap	Discount-off tariff plan	1 year/2 years
	Fixed-rate plan	6 months/1 year/2 years
Tuas Power	Discount-off tariff plan	6 months/1 year/2 years
	Fixed-rate plan	1.5 years/2 years/3 years
Union Power	Discount-off tariff plan	6 months/2 years
	Fixed-rate plan	1 year/2 years
	Discount-off tariff plan	6 months/2 years

NOTE: Table as at Aug 26, 2019.

Source: SEEDLY.SG SUNDAY TIMES GRAPHICS

the status quo can choose to remain with SP on the regulated tariff that is set by the EMA.

When the market was progressively liberalised from 2001, commercial and industrial customers with higher consumptions already had a choice of buying electricity at a tariffed rate or at a wholesale price

from SP Group, or at retail price from the big generation companies such as Sembcorp, Tuas, Senoko and Geneco (formerly Seraya).

Residential customers had the option of the wholesale price when their respective zones opened up, starting with Jurong in April last year.

## Price plans available to consumers

### REGULATED TARIFF

This price plan is regulated and set by the EMA quarterly. The tariff takes into consideration the long-term cost of producing electricity and looks to protect consumers from volatile oil and gas prices.

As this is a regulated price, SP does not have the flexibility of lowering it by bundling with other offers and service partners.

**Who is suited for this?** Typically, consumers with low electricity consumption prefer to stick to the option they are familiar with and not bother with gimmicks or additional terms and conditions. The tariffed price is stable and regulated.

### WHOLESALE ELECTRICITY PRICE

You can choose to buy electricity directly from the wholesale market at no mark-up. As the prices are determined by market forces, they are the lowest price out there.

However, prices fluctuate due to demand and supply of real-time electricity consumption across Singapore. On a day when heavy industries consume a lot of electricity, the demand is high and hence the price is higher compared with night hours when these heavy industries shut down.

**Who is suited for this?** This can be considered by consumers who are more savvy, who do not mind the volatility of real-time electricity costs that change every 30 minutes, and if they tend to consume power more in the night (for example, by using air conditioning) when prices are cheaper than in the day time.

In addition, there is no fixed term tied to this option so you can terminate as and when you want.

### RETAIL PRICE

There are multiple plans that are offered by retailers. They can be grouped into:

- **Fixed price** - A fixed price per kilowatt of electricity. A household on this plan will pay a constant rate (for example, 20 cents/kWh) throughout the contract duration. Note that the rates retailers offer may be higher or lower than the regulated tariff.
- **Discount-off tariff** - Discount based on a fixed percentage off the regulated tariff. The family that opts for this plan will get a fixed discount off the prevailing regulated tariff (for example, 5 per cent) throughout the contract duration. The regulated tariff is reviewed by SP Group quarterly and approved by the EMA.

While these two plans are relatively cheaper compared with the regulated tariff and could be creatively bundled with other offerings and service partners, they look at the short-term cost of producing electricity, which is why they tend to be tied to a one- or two-year lock-up period.

**Who is suited for this?** It is important that you understand the terms and conditions before signing up for a plan.

Check things like whether you need to pay a fee if you terminate the plan and make a switch. Do not make the decision to switch to a retailer simply based on price.

Assess your lifestyle needs and consumption patterns.

In general, if you are looking at locking up a fixed price for the next one or two years, getting a fixed-priced plan is an option.

Others who would like a fixed discount over the regulated tariff can opt for the discount-off tariff plan. Some retailers also offer green-energy plans that are catered towards consumers who want to do their part for the environment.

### Making comparisons

There are more than 100 different plans offered by electricity retailers. You can visit [compare.open-electricitymarket.sg](http://compare.open-electricitymarket.sg) to make price comparisons.

Seedly has also launched an Electricity Market price comparison tool which compares the plans based on user reviews, rates, housing type, promotional codes and deals in the market.

Over at UOB Bank, its UOB Utility Marketplace makes it easy for consumers to compare providers and plans through its Electricity Price Plan Recommender.

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## Understanding the electricity tariff

SP Group does not have a retailer licence and can only supply electricity to consumers at the regulated tariff rate.

About 75 per cent of the tariff goes directly to generation companies as SP passes down the cost directly without any mark-up.

Approximately 24 per cent of the regulated tariff goes to SP for grid charges and a market-support services fee.

This component of the tariff works out to approximately five to six cents, and goes towards operating, maintaining and upgrading the national electricity grid.

While energy costs have gone up and down through the years, SP says the fees for maintaining the grid have been kept stable over the past decade.

SP Group is believed to be the most reliable energy distributor in the world, based on the average length of electricity interruption experienced by users.

According to the System Average Interruption Duration Index, Singapore's score is under a minute, next best is Osaka at five minutes.

## Energy-saving tips

Electricity is generated here by burning natural gas and oil, which releases pollutants and greenhouse gases.

These trap heat from the sun and keep it from escaping, causing the earth to become warmer, which in turn changes climates everywhere.

When we use electricity wisely, there will be less pollution and fewer greenhouse gases. So it's important to do our part to practise good energy conservation habits.

Here are some household energy-savings tips from Singapore Power and the National Environment Agency.

### LIVING ROOM

- Choose energy-saving lighting such as LED bulbs instead of incandescent lamps.
- Always switch off electrical appliances at the power socket. Standby power can account for up to 10 per cent of home energy use.

### BEDROOM

- Service your air-conditioners and clean the filters regularly to ensure optimal working condition.
- Set the air-conditioner temperature to 25 deg C or higher. The lower the temperature, the more electricity is used.
- Close doors and windows when the air-conditioning is on.
- Use a laptop instead of desktop as it uses less electricity.

### KITCHEN

- Cover liquids and food stored in the refrigerator. Uncovered items release moisture, forcing the compressor to work harder to keep the temperature low.
- Allow food to cool before putting it into the refrigerator. Hot food causes the compressor to work harder to keep the temperature low.
- Match the size of the pot with the size of the burner. This is because energy is lost when small pots are used on larger burners.
- Wash with an optimal load to maximise energy savings.

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