



## **SP Group's role in electricity industry**

As published in Straits Times Forum Letter [29 Sept 2018]

We thank readers for their letters and the queries they raised [How are new retailers able to offer better prices than SP Group? by Mr Max Leong; Maintaining cost savings tough in the long term by Mr Goh Boon Kai and Many concerns over changes in power market by Mr Ong Soon Yam for their letters, all on Sept 25].

SP Group operates and maintains the electricity grid and provides market support services such as billing and meter reading.

Under the regulated tariff set by the Energy Market Authority (EMA) for the period of July 1 to Sept 30, SP Group is paid 5.71 cents per kWh [SP Component] for the above services, out of 23.65 cents per kWh paid by residential consumers.

The remaining tariff components go to the generation companies, Energy Market Company for market administration, and EMA for power system operator costs.

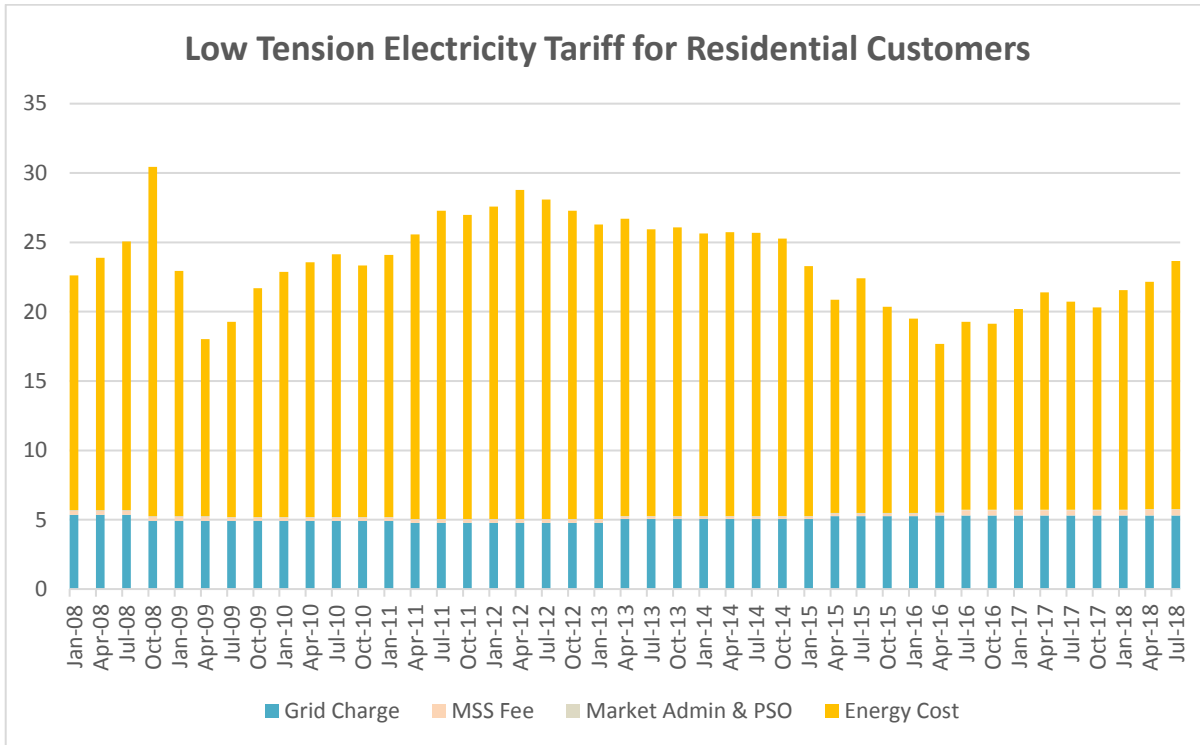
Under the Open Electricity Market (OEM), consumers will be able to buy electricity from retailers, at the retail electricity price, instead of buying under the tariff set by the EMA.

The electricity price offered by retailers will also include the SP Component.

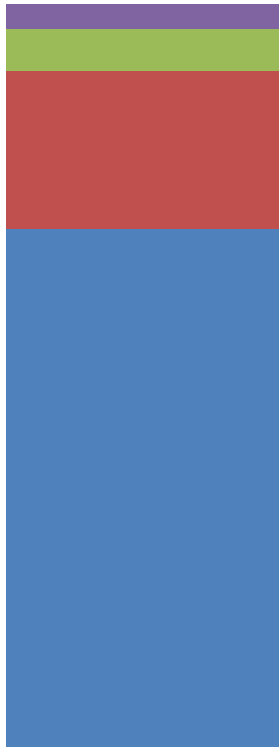
Whether consumers buy electricity under tariff, or through a retailer, the SP Component collected from consumers is the same. It is regulated by the EMA, and has been stable the past 10 years, even as the electricity tariff fluctuated.





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Reference



Q3 2018 TARIFF (July – September)



-  Market Admin & Power System Operator Fee to EMA (No change)  
0.05¢/kWh (<1%)
-  Market Support Services Fee to SP Group (No change)  
0.40¢/kWh (1. to7%)
-  Network Costs to SP Group (No change)  
5.31¢/kWh (22.5%)
-  Energy Costs to electricity generation companies (Increase by  
1.50¢/kWh compared to previous quarter)  
17.89¢/kWh (75.6%)