

Sustainability

Legislative Changes to Facilitate Transition to Low-Carbon Generation Sources Passed in Parliament

Introduction

On 2 November 2021, the Energy (Resilience Measures and Miscellaneous Amendments) Bill ("**Bill**") was passed in Parliament.

One of the key effects of the Bill is to amend the Energy Market Authority of Singapore Act, the Electricity Act and the Gas Act so as to allow the Energy Market Authority ("**EMA**") to require electricity generation licensees to reduce the emission of greenhouse gases in the generation, transmission, import, export or supply of electricity.

The Bill also effects the following changes:

- (a) Safeguards energy security by allowing EMA to construct, acquire and manage electricity infrastructure required for the generation, import or export of electricity;
- (b) Enhances protection of critical electricity and gas infrastructure; and
- (c) Makes various technical amendments.

The legislative changes are in line with Singapore's commitment to reducing carbon emissions as part of its enhanced 2030 Nationally Determined Contribution and Long-term Low-emissions Development Strategy. The Bill stands as a part of Singapore's multi-decade programme to transition Singapore's electricity generation to low-carbon generation sources. It also facilitates the retirement of a number of existing natural-gas fuelled power plants over the next one to two decades.

The passing of the Bill follows an earlier public consultation by the Ministry of Trade and Industry ("**MTI**") and EMA on the proposed Bill. Our Client Update on "*Public Consultation on Legislative Changes to Facilitate Transition to Low-Carbon Generation Sources*" is available [here](#).

This Update highlights the key features of the Bill.

Reduction of Greenhouse Gas Emissions

The Bill enables EMA to implement measures requiring electricity generation licensees to reduce greenhouse gas emission standards. This is intended to function in line with efforts to improve the energy efficiency of power generation companies and shift towards cleaner modes of power generation.



Sustainability

To facilitate this, the Bill introduces provisions in the Electricity Act allowing any code of practice issued by EMA to provide for the reduction of emission of greenhouse gases in the generation, transmission, import, export or supply of electricity. The Bill also confers on EMA the function of implementing policies, strategies, and measures targeted at reducing such emissions.

In addition, the Bill amends the Electricity Act and the Gas Act to allow EMA to adopt codes of practices, standards, or other documents, and incorporate them into the relevant regulations issued under the legislation.

These changes would afford greater stature to codes and standards issued or adopted by EMA by prescribing them as statutorily enforceable regulations, which may then be given practical guidance or certainty through advisory guidelines.

Safeguarding Energy Security and Reliability

The Bill introduces a provision in the Electricity Act enabling EMA to acquire, develop, manage or operate critical infrastructure such as generating units and generating stations if the private market fails to do so. This is to ensure the reliability, availability, and continuity of electricity supply during the energy transition in light of investors' reduced inclination to the building of new generation capacity.

Further amendments are included to allow EMA to raise capital by issuing bonds and debentures to finance the above initiatives.

Other Amendments

The Bill also contains, among others, the following amendments:

- (a) Streamline the granting and extension of electricity and gas licences by empowering EMA to approve all applications, rather than the Minister for Trade and Industry;
- (b) Enhance the protection of critical electricity and gas transmission infrastructure via the Electricity Act and the Gas Act by making it an offence to damage protective infrastructure housing cables/pipelines. Current regulatory powers only penalise offenders who damage the actual cables/pipelines; and
- (c) Clarify under the Gas Act that the gas transporter, who owns and manages the gas pipeline network for conveying natural gas and town gas in Singapore, is required to establish and implement a programme to ensure that gas installations are inspected at stipulated time intervals and properly maintained.

Sustainability

Concluding Words

As part of the worldwide movement towards sustainability, Singapore has placed much focus on the reduction of greenhouse gas emissions. In particular, the energy generation industry is expected to undergo fundamental changes in the transition to low-carbon generation sources.

In this regard, it may be anticipated that EMA will seek to enforce compliance with stricter emission standards. The Bill empowers EMA to do so by granting the power to implement measures requiring the reduction of greenhouse gas emissions, and to incorporate into regulation the relevant standards including those set out in international agreements or guidelines.

With the Bill having been passed in Parliament, electricity generation licensees may wish to consider the impact of its provisions on their operations and prepare for the potential implementation of emission standards. This may include conducting assessments of their strategies to meet their targets to reduce greenhouse gas emission and to meet the relevant standards.

Sustainability

Rajah & Tann Sustainability Practice

We are amongst the pioneers in Singapore when it comes to sustainability and ESG issues. On the green and sustainable finance front, our lawyers have worked on transactions covering sectors ranging from real estate and hospitality to energy and agriculture. We have been involved in many "first of its kind" transactions.

With our deep expertise and experience, we can help you unpack and reconcile the different global standards and regulations on ESG factors in green and sustainable finance. We can also advise you on the adaptation of your business to take into account these factors, to facilitate your transition to refreshed modes of operation. We can help you address the commercial aspects and economic objectives of the transactions, and at the same time fulfil the legal and technical requirements set out in the various ESG principles and guidelines.

If you have any questions regarding sustainability, please feel free to contact our team below who will be happy to assist you.

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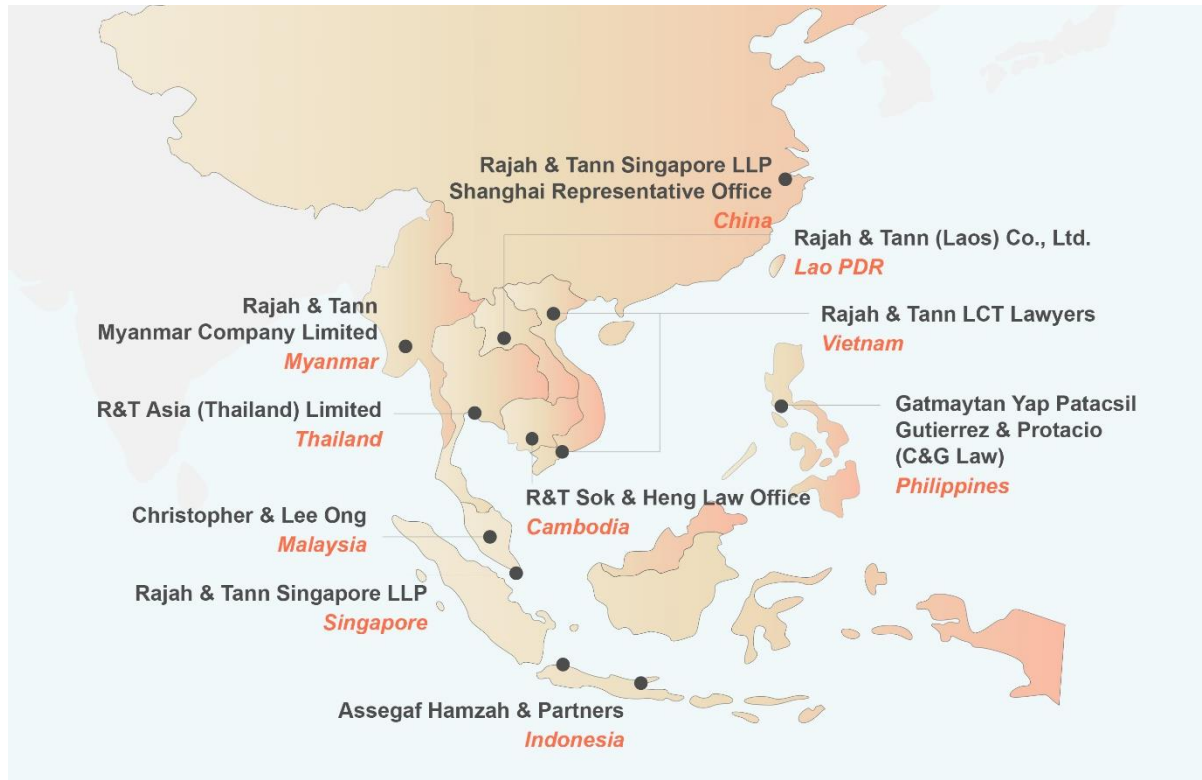
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