

Are you buying electricity in Singapore? Avoid these common mistakes...

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Are you buying electricity in Singapore? Avoid these common mistakes

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The Open Electricity Market in Singapore gives all end users a choice of who to buy their power from, rather than being tied to a single default provider. This competitive market structure means businesses can negotiate directly with electricity retailers for tailored pricing and contract terms suited to their consumption patterns and operational needs. Understanding your options in this market is essential for optimizing energy procurement and managing costs effectively.

Publication context: This article reflects its publication date. Market prices, program rules, reporting duties and deadlines may have changed. Confirm current official guidance before making a decision.

The Open Electricity Market in Singapore gives all end users a choice of who to buy their power from. Sounds like a simple price comparison is in order - right? Well it isn't that simple and unless you are an electricity market expert you may be spending thousands of dollars more than you need to be. Here are the common mistakes made when deciding on a new electricity contract.

Reliance on price comparison websites

Price comparison websites are great if you are a domestic customer or small business user. However larger users need tailored pricing and tailored solutions. You can use your load size to your advantage with direct negotiation.

Not understanding the options

There are more than just fixed price or discount of tariff contract options. These are by far the most common, but electricity retailers have a suite of other contracts that could save you up to 50% off the regulated tariff. The retailers don't often advertise these options as they make more money from the standard contracts and customers don't always understand the more complex pricing structures. Knowing what options are available can help you choose one with the best risk profile for your business.

Re-contracting according to your contract expiry date

The standard procurement approach to purchasing electricity is to wait until the contract expiry date is approaching and go to market then. But electricity prices can be quite volatile and keeping an eye on the market and contracting during lower price periods can save you thousands of dollars.

Not negotiating after first round offers

There is always room for negotiation, and if you don't ask you don't receive. You may prefer one retailers' contract structure and another's price so don't just accept the first offer as the only offer.

Supplier loyalty

In new markets there can be fear that entering contracts with new players are riskier to go with, but the Energy Market Authority does a thorough due diligence check for all retailer suppliers before they issue a retail license. Some of the better pricing options come from the new market players as they have experience from other, more established electricity markets around the world.

Fear of supply disruption when changing retailer

If you change retailer there are no physical changes to the way electricity is delivered to your business. The Energy Market Authority manages the physical electricity network and ensures that supply meets demand. The meter reading is managed by SP Services. Changing retailer simply means that SP send your meter data to the new retailer for billing purposes. It is up to the retailer to manage the price that they buy and sell the power at - this is all done via the financial markets and has nothing to do with the physical delivery of power to your premises.

Not being ready to sign when the contract is ready

Delays in signing the retail contract can get very expensive. The oil price is often used as a reference point for price validity, and as we have seen recently the oil prices have been changing rapidly on a daily basis. Once the final retail offers are in and you like the contract price and the structure then you must be ready to execute the contract before the price becomes invalid.

Procurement context

Check the current market date, contract term, meter and load data, instrument ownership and retirement evidence before making a purchasing or public claim.

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What is the Open Electricity Market in Singapore?

The Open Electricity Market in Singapore gives all end users a choice of who to buy their power from, rather than being tied to a single default provider. This competitive market structure means businesses can negotiate directly with electricity retailers for tailored pricing and contract terms suited to their consumption patterns and operational needs. Understanding your options in this market is essential for optimizing energy procurement and managing costs effectively.

Why shouldn't larger electricity users rely on price comparison websites in Singapore?

Price comparison websites work well for domestic customers or small business users, but larger users need tailored pricing and solutions that match their specific load profiles and operational requirements. Larger users can leverage their load size to negotiate directly with retailers for custom contract structures, volume discounts, and flexible terms that comparison websites cannot represent. Direct engagement allows businesses to access better value than standard advertised rates.

What contract options exist beyond fixed price or discount of tariff contracts?

Fixed price and discount of tariff contracts are common, but electricity retailers offer a suite of alternative contract options that could save businesses up to 50% off regulated tariffs. These options include more complex pricing structures tailored to specific consumption patterns. Retailers don't

always advertise them because standard contracts generate higher margins. Understanding these alternatives and negotiating for appropriate structures is key to capturing substantial savings for your operation.

Why is timing critical when re-contracting electricity in Singapore?

Electricity prices are volatile, and waiting until contract expiry to re-contract can be costly. Monitoring market conditions and contracting during lower price periods can save thousands of dollars compared to reactive procurement. By taking a strategic approach to contract timing rather than defaulting to the expiry date, businesses can capitalize on favorable market windows and avoid locking in at unfavorable rates.

How much negotiation is possible with your first electricity contract offer?

There is always room for negotiation on your first offer. Different retailers offer different contract structures and pricing; accepting the first proposal without exploring alternatives means missing potential savings. You may prefer one retailer's contract terms combined with another's pricing. Always request multiple proposals and negotiate actively—if you don't ask, you won't receive better terms.

Should you hesitate to switch to a newer electricity retailer in Singapore?

Not necessarily. The Energy Market Authority conducts thorough due diligence on all retailers before issuing licenses, ensuring financial and operational security. Some newer market players bring experience from established electricity markets globally and offer competitive pricing. Evaluating retailers on regulatory standing, contract flexibility, and pricing merit rather than age alone can unlock better commercial outcomes.

Does changing electricity retailers disrupt power supply to a Singapore business?

No. Changing retailers does not physically interrupt electricity delivery. The Energy Market Authority manages the physical network and ensures supply meets demand; SP Services manages meter reading. When you switch retailers, SP simply directs your meter data to the new retailer for billing. The retailer's role is limited to financial transactions—buying and selling power via markets—not physical delivery infrastructure.

Why must electricity contracts be signed quickly once terms are agreed?

Oil price movements are often used as reference points for electricity pricing validity, and oil prices can change rapidly daily. Once final terms and pricing are acceptable, the contract must be executed before the price quotation expires. Delays between agreement and signature can result in repricing or offer withdrawal, potentially costing thousands of dollars. Speed of execution directly protects your negotiated commercial position.

How can Northmore Gordon assist with electricity procurement strategy in Singapore?

We provide energy auditing and procurement strategy services that help businesses understand their consumption patterns, evaluate contract options, and negotiate effectively with retailers. Our expertise spans industrial and commercial sectors across multiple jurisdictions. For specific engagement scope, service availability, and delivery terms in Singapore, contact Northmore Gordon directly through their website to discuss your procurement requirements and obtain a tailored proposal.