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TARIKH	31 MAC 2026 (SELASA)	**SURATKHABAR**	BH / UM / NST / TS / HM / KOSMO
TAJUK ARTIKEL	POWER COSTS SURGE AMID HIGHER FUEL PRICES		
M/S	11 (STARBIZ) (FOREIGN NEWS)	**KATA KUNCI**	POWER COSTS, WAR, MIDDLE
BIDANG	ENERGY	EAST CONFLICT	

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Power costs surge amid higher fuel prices

Electricity rates hit their highest level this year

Power consumption: People take pictures at the Marina Bay waterfront in Singapore. Escalating fuel prices are placing pressure on the electricity tariff paid by most households, to be raised further in the next quarter starting tomorrow. – AFP

SINGAPORE: Wholesale electricity prices in Singapore have been climbing since the Middle East conflict broke out, and higher fuel prices are placing pressure on the electricity tariff paid by most households – to be raised in the next quarter starting tomorrow.

Checks showed that the weekly Uniform Singapore Energy Price (Usep), a measure of the wholesale cost of electricity taken half-hourly, hit the highest level seen so far in 2026 during the week of March 15 to 21, at S$157.78 per megawatt hour (MWh).

This was more than 7% higher than in the previous week, as both the demand and supply of electricity decreased.

Higher fuel costs will also influence the electricity tariff regulated by the Energy Market Authority.

The tariff, which is revised quarterly, was the way through which 63.4% of households paid for their electricity consumption, according to the latest available data in October 2025.

At that time, over 36% of households had signed up for plans with electricity retailers, while less than 0.1% of them bought electricity at wholesale prices.

Analysts widely expect the electricity tariff to be raised as the war has driven up energy prices and disrupted the supply of liquefied natural gas (LNG) from Qatar, a major supplier of the commodity to Singapore.

But electricity retailers in Singapore have already begun making changes to their offerings, such as hiking the prices of new contracts and removing discounted plans.

David Broadstock, partner at energy consultancy The Lantau Group, said retailers have reacted to rising energy costs as they can change their offerings more rapidly than the regulated tariff.

He noted that the latest Usep data showed that the "pressure for an increase in the electricity tariff is already there".

Taken together with warnings from the government about a higher electricity tariff, Broadstock said: "There is a strong expectation on all fronts that the prices will be going up."

Rystad Energy senior consultant David Chew is expecting a "somewhat muted" increase in the tariff.

He said: "While there has been a general consensus that the price will increase because of the conflict, the fluctuations reflected in the Usep seem to be within the range of 2026 thus far.

"This is likely due to Singapore meeting its gas supply requirements and its limited exposure to high spot prices."

Singapore relies on imported natural gas to generate 95% of its electricity. Its gas imports in 2025 comprised 43% piped natural gas from Malaysia and Indonesia, and 57% LNG from other countries.

The electricity is then disseminated by power plants to households and businesses through the national power grid.

Dr Tan See Leng, Minister-in-charge of Energy and Science and Technology, has said that Singapore's short-term vesting contracts "will be affected" by higher spot prices.

These mandate power generation companies to sell a specified amount of electricity at a pre-determined price to discourage them from withholding supply.

But he said longer-term vesting contracts continue to run, and the Republic continues to import piped natural gas from Malaysia and Indonesia.

Wholesale prices of electricity have continued to rise, with Usep forecasts exceeding S$170 per MWh on most days since March 22.

However, the measure has been stable compared with 2022, where the Usep averaged around S$300 per MWh between January and October, partly reflecting higher fuel costs during the Ukraine crisis.

The increase in wholesale prices has hit electricity retailers.

Retailers have raised rates on their plans that lock in the cost of electricity for households by more than 10% in some instances.

Some shorter-term plans and those offering discounts from the electricity tariff have also been discontinued.

For instance, Tuas Power no longer has plans offering fixed electricity prices for six months, or 10% off the regulated tariff.

A spokesperson said: "The recent Middle East situation has led to significantly higher fuel prices amid ongoing global market volatility.

"Shorter-term electricity plans are more challenging to price and sustain, as they are more sensitive to near-term fuel price fluctuations."

The spokesperson added that rates on its longer-term plans "may increase upon renewal if fuel prices remain elevated".

But some households are still opting for electricity plans, as they expect the regulated tariff to rise further in the months ahead.

Tuas Power has stepped up its roadshows across Singapore in recent weeks.

Promoters from Senoko Energy were also spotted last weekend, drawing passers-by with savings to electricity bills.

New home owner Kevin Koh, 41, is still keen to switch away from the tariff as he believes a plan will help him to save on bills.

"The main reason is to save money. If there is a fixed discount (off the electricity tariff) or a fixed rate for 24 or 36 months, I will consider it," said Koh, who is in the midst of renovating his four-room HDB flat.

"I am always keeping a lookout now, as sometimes retailers have a short period of promotion with better rates," he added.

Retiree Alex Ortega renewed his contract with electricity retailer Geneco earlier in March in anticipation of higher energy prices.

Under the contract, the 57-year-old will pay 24.88 Singapore cents per kilowatt hour for electricity for the next two years. — The Straits Times/ANN