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SPEECH BY MR LEE YOCK SUAN, MINISTER FOR TRADE AND INDUSTRY, AT THE OFFICIAL
COMMISSIONING OF POWERGRID'S 400 KV TRANSMISSION SYSTEM AT LABRADOR SUBSTATION ON
MONDAY 11 JAN 1999

Ladies and gentlemen

The commissioning of PowerGrid's 400 kilovolt transmission system is indeed a milestone in the development of Singapore's electricity transmission network. As power demand increases and electricity has to be transmitted over long distances, it makes economic sense to generate or step up power supply to as high a voltage as possible to minimise the cost of the expensive copper cables which are needed for its transmission. The last major upgrade to our transmission system was in 1976 when we moved up to the present 230 kV network. The ceremony today marks the beginning of our move up to 400kV.

2 This Labrador 400 kV substation and another one at Ayer Rajah are part of the first phase of a new 400 kV national transmission network costing some \$1.46 billion that PowerGrid is developing. PowerGrid will be extending the network westwards to Tuas by the end of this year. A 2.1 km long undersea cable tunnel, costing about \$130 million, has also been constructed across Tuas Bay as part of the new network.

Considering that a land route around Tuas Bay would have cost some \$120 million more, it goes to show how expensive the cable system can be.

3 The second phase of the 400 kV transmission system will be implemented in 2003. It will extend the cable circuit to Paya Lebar in the east, thus forming a cross-country transmission corridor.

4 An efficient and reliable electricity supply is a critical part of Singapore's economic infrastructure. It is especially important for attracting investments from high-technology companies whose operations typically require an electricity supply of the highest quality.

5 In particular, an electricity supply that is free from power dips and disruptions is important for high-tech manufacturing operations that use power-sensitive equipment, as is the case of petrochemical and wafer-fabrication plants.

For these industries, any disruption to the electricity supply can cause micro-processor-controlled equipment to hang and sensitive motors to trip, in the process bringing production to a halt. Such power variations or disruptions are very costly to industries which make use of expensive plant, machinery and raw materials.

6 Indeed, the high quality of our electricity system has played an important role in attracting high value-added investments to Singapore over the years.

7 For 1998, despite the regional economic crisis, the EDB has managed to attract commitments of about \$7.8 billion of manufacturing projects in terms of fixed asset investments. 40% of these investments are in high value-adding electronics manufacturing. These industries will benefit greatly from improvements to our electricity system.

8 1999 will be another difficult year for Singapore, although the recent cost-cutting package will help to keep our industries cost-competitive.

The Government will continue to do its best to bring in new investments.

In this respect, Singapore is in a much better position than some of our competitors.

We are able to continue upgrading our capabilities to prepare ourselves for the return of growth to the region. We are pressing ahead with new infrastructure development, and to offer foreign investors an even more attractive operating environment.

This forward-looking stance has distinguished Singapore as the preferred location for high-technology investments for global markets.

9 PowerGrid is playing an important role by continuing to improve on the efficiency and reliability of the electricity supply network. It has stepped up efforts to minimise voltage dips by expanding its Cable Damage Prevention Unit and working with the Regulator to prosecute negligent contractors who damage electricity

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supply cables. In the three years after corporatisation, PowerGrid has managed to reduce the number of supply interruptions by 33%, and system interruption time by 52%.

This is good but as always there is room for further improvement as we strive to remain one of the most attractive locations in the world for direct investments.

10 It is now my pleasure to commission this new 400 kV transmission system and to wish PowerGrid, Singapore Power and everyone present, success in the year ahead.

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