

Reporting on energy regulation issues around the world

Global Energy Regulation

December 2005
Issue 79

Contents

- 1 European News
- 16 North American News
- 22 Central and South American News
- 25 Asia Pacific News

General and European Editor

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Australia and New Zealand

Oscar Arnedillo, Spain and Portugal
Francesco Lo Passo, Italy

European News

UK

Ofreg Invites Comments On Way Forward For Domestic Market Opening Decision Paper

The Northern Ireland Authority for Energy Regulation (through its office, Ofreg) has published a consultation paper entitled; "A Decision Paper by the Northern Ireland Authority for Energy Regulation on the Appropriate Way Forward". The paper contains proposals for full market opening in electricity supply. The paper proposes an interim solution which leaves the final options for market design open, while at the same time satisfying the requirement to allow domestic competition by 2007.

Ofreg Press Release, 20/12/05

EU Gas Report Sees "Malfunction" / UK Asks Brussels To Study Gas Imports

European Union Energy Ministers, due to meet in Brussels in December, are to be presented with a report by the European Commission, highlighting "serious malfunctions" in European gas and power markets. Meanwhile, British energy regulator Ofgem has asked the European Commission to investigate why more pipeline gas and LNG isn't being sold in the UK, even though it has been the world's most expensive spot gas market for the last two weeks in November. The European Commission has agreed to respond to this request by sending out a targeted questionnaire on the subject.

International Gas Report, 16/12/05; Energy Compass, 2/12/05;

BBC News Online, 1/12/05

Ofreg Invites Comments On Proposal To Issue Gas Supply Licence To BGE

Ofreg today published a notice setting out its intention to issue a gas supply licence to Bord Gais Eireann. The licence will allow Bord Gais Eireann to supply gas to power stations at Ballylumford and Coolkeeragh. Ofreg considers that granting this licence will promote the development of the gas industry in Northern Ireland, facilitate competition and in turn protect the interests of electricity consumers through the provision of an alternative supplier of natural gas to these Power Stations.

Ofreg Press Release, 15/12/2005 and Notice under article 8 (4) of the gas (Northern Ireland) order 1996



Ofgem Makes Progress On Offshore And LNG Gas Supplies

Ofgem has published analysis carried out jointly with the Department of Trade and Industry showing that all available gas supplies have been flowing from the North Sea during the recent period of high wholesale gas prices. Ofgem also reported news from National Grid, BP and Sonatrach that the Isle of Grain LNG import facility will be utilised fully over the next fortnight and that they expect to be using the full capacity of the facility until the end of the winter. The three companies are also improving the arrangements for transparency and “use it or lose it” arrangements at the Isle of Grain facility.

Ofgem Press Release, 5/12/05

New Supplier Is Appointed For Customers Of The Team Group Of Companies UK Limited

Ofgem has appointed npower as the new gas and electricity supplier for customers of the Team Group of Companies UK Limited, after it went into insolvency on November 30. If a supply company fails, Ofgem has powers provided by licence conditions made under the Gas Act 1986 and Electricity Act 1989 to protect customers from the risk of disconnection by appointing a new supplier for them.

Ofgem Press Release, 2/12/05

Austria:

E-Control Cuts Power Grid Charges

The Austrian Energy Regulator E-Control ordered an average annual electricity grid charge reduction of 3%, starting on 1 January 2006. This corresponds to a decrease in charges of 10% by 2009. Since the liberalisation of the domestic energy electricity market in 2001, grid charges have fallen on average by 20%.

Salzburger Nachrichten, 15/12/05

Belgium:

Regulator Approves FLUXYS Indicative Transmission Program

The Belgian energy regulator, Commission de Régulation de l'Électricité et du Gaz (CREG), has approved the “indicative transmission programme” (ITP) for year 2006. This programme includes the official catalogue of transport and storage services offered by the gas transport operator in Belgium, Fluxys. These services include, among others, different transport contracts and some flexibility services by which shippers can manage their imbalances. Before March 2006, Fluxys will need to draft a new ITP for years 2007 and 2008.

CREG News, 23/12/05

Regulator Approves Gas And Electricity Tariffs

CREG, has approved new access tariffs for the electricity transmission and distribution networks, the Zeebrugge LNG terminal and the natural gas transport and distribution networks. The new tariffs apply from 1 January 2006.

CREG News, 21/12/05, 19/12/05

Regulator Approves Interconnection Auctions

CREG, has approved new rules for the allocation of the electricity interconnection capacity between France and Belgium. These rules, based on auctions, had been requested by the Belgian electricity system operator, Elia, and apply from 1 January 2006.

Agence Belga, 6/12/05

Bulgaria:

25% Of Bulgarian Power Market To Be Deregulated 1 January 2006

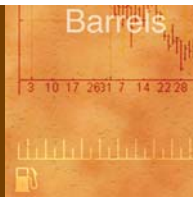
Bulgaria's State Water and Energy Regulatory Commission (SWERC) has said that 25% of the domestic electricity market will be deregulated as of 1 January 2006. SWERC has set a quota of 2,400 million kWh to be traded on the deregulated market segment from 1 January to 30 June 2006. This total is assigned to various plants; nuclear power plant Kozloduy and thermal power plant Maritsa East 2 can each sell 850 million kWh, thermal plants Bobov Dol and Varna are allowed to sell 175 million kWh and 258 million kWh respectively. The remaining quota is split among the two remaining plants. Power plants are obliged to sell the extra quantities over the quota to grid operator NEC at fixed prices set annually by the power regulator.

Bulgarian News Digest, 13/12/05

Bulgarian Bulgargas Seeks Gas Price Update As Of 1 January 2006

Bulgarian gas major Bulgargas has requested an increase in domestic gas prices to (insert currency abbreviation) \$191.7 per 1,000 cubic metres (cu m), excluding VAT, from (insert currency abbreviation) \$170.2 per 1,000 cu m as of 1 January 2006. The State Water and Energy Regulatory Commission considered Bulgargas's proposal at a closed-door meeting on 19 December 2005. The proposal was discussed at an open session on 20 December 2005, prior to taking effect. The motive for the proposed hike is the (insert currency abbreviation) \$22.1 increase in the price at which Bulgargas buys gas from Russian gas major Gazprom.

Bulgarian News Digest, 19/12/05



Denmark:

Danish Competition Authority Accuses Elsam Of Market Abuse

The Danish competition authority, Konkurrencestyrelse, has accused regional utility Elsam of creating artificial congestion on transmission lines between western Denmark, Norway, and Sweden, to isolate the islands of Jutland and Fyn from NordPool competition. The authority has decided to control the price of Elsam's sales to NordPool until 2008. Customer associations are preparing to claim compensation from the utility, but Elsam rejects the accusations and says it will appeal.

Global Insight Daily Analysis, 1/12/05

European Union:

EU Commission Approves Restructuring Support For Spanish Coal Industry

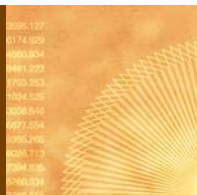
The European Commission has decided not to raise any objection to the restructuring that the Spanish Government conducted between 2003 and 2005 to support the country's coal industry. EU Commission considers that the plan, which amounts to approximately EUR 1 billion (US\$ 1.2 billion) per year, is compatible with the functioning of the common market.

Rapid Press Release, 21/12/05

EU Commission Publishes Action Plan And Report On Renewable Energy

The European Commission has issued a report evaluating the different support schemes for renewable energy in place in the different EU Member States. The Commission report concludes that more than half of the Member States are not giving enough support to renewable energy. The Commission also praises the use of green tariffs versus green certificates, but considers that there is no need for a harmonized EU renewable energy support scheme. In addition, the Commission has adopted the "Biomass Action Plan", with the objective of specifically increasing the use of biomass for energy generation.

Rapid Press Releases, 7/12/05



France:

Government Freezes GdF's Gas Prices Over The Winter

The French Government decided not to allow Gaz de France (GdF) to increase its regulated gas prices from January 2006, as the French gas incumbent had requested. This resolution does not affect local gas distributors (which serve around 500,000 customers in France), which are allowed to increase their gas prices between 5% and 10% from 1 January 2006. The Government's decision may not be in line with the regulations approved in France in June 2005, which stipulate that gas prices should be reviewed on a quarterly basis to reflect fluctuations in international gas prices. A new review of GdF's regulated gas prices is scheduled for March 2006.

European Spot Gas markets, 30/12/05; Les Echos, 26/12/05; Le Monde, 17/12/05

Regulator Approves Gas Access Tariffs

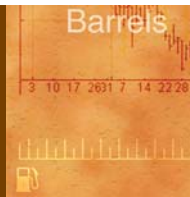
The French energy regulator, Commission de Régulation de l'Énergie (CRE), has approved new access tariffs for the natural gas distribution network and LNG terminals. Gas consumers will pay on average 0.7% less for the access to the gas distribution network, while the users of the LNG terminals will pay between 15% and 20% less. These tariffs imply a reduction of between 5.0% and 6.5% in the remuneration of the regulatory assets base of the French gas system operator, Gaz de France (GdF). After being approved by the French government, the new tariffs apply as of 1 January 2006 and for a two-year period.

Reuters, 22/12/05; Companynews, 21/12/05

Regulator Opens Consultation On VPPs

CRE has opened a consultation on the Virtual Power Plants (VPP) auctions being conducted by Électricité de France (EdF) at present. VPPs were imposed on EdF by the European Commission in 2001, as a condition for the approval of EdF's merger with EnBW, and are set to last until 2006. CRE's consultation seeks to analyze the effects of VPPs on the French electricity market between 2001 and 2005 and to present alternative capacity or energy auctions which could replace the current VPPs after 2006.

CRE Press Releases, 15/12/05



French, Belgian And Dutch Regulators Agree On Market Integration

The energy regulators in France (CRE), Belgium (CREG), and the Netherlands (Directie Toezicht Energie, DTe) have drafted a roadmap with the aim of increasing the integration of the wholesale electricity markets of these countries. More specifically, the roadmap aims to harmonise the auction methods for the allocation of the interconnection capacity, to establish a cross-border intraday and balancing market and to improve cooperation between the three regulators.

CRE Press Releases, 7/12/05

Regulator Publishes Report On The Independence Of Energy Network Operators

The French energy regulator, CRE, has published its first annual report assessing the independence of the French gas and electricity network operators, Gaz de France (GdF) and Électricité de France (EdF) respectively. The main conclusion of the report is that the vertical integration of regulated and non-regulated businesses of GdF and EdF prevents network operators from being independent. Therefore, in order to guarantee an equitable access to the networks to new entrants in the gas and electricity markets, CRE requires a clearer separation between the network operation business of GdF and EdF and their gas and electricity supply activities, both in terms of management and corporate image.

La Tribune, 7/12/05

Germany:

North-Rhine Westfalia Cuts Electricity Price Rise

The government of North-Rhine Westfalia reduced the price increases proposed by electricity supplier RWE for households and small businesses by 25% to an average of 0.65 EUR (0.77 US Cent) per kWh. Moreover, the State Minister of Economics Claus Thoben warned that all price increases would need to be revised if the Federal Network Regulator (Bundesnetzagentur) or the Federal Cartel Office (Bundeskartellamt) finds that suppliers have overestimated the costs of network utilisation or of the emission licenses.

Financial Times Deutschland, 28/12/05

Hesse Against Electricity Price Increases

The Hesse Minister of Economics Alois Rhiel has refused to grant permission to 50 electricity suppliers to increase their prices with effect from 1 January. He called this “part of the fight against excessive energy prices in Germany”. Other states (Bundesländer) in Germany are likely to be more accommodating than Hesse in their assessment of proposed electricity price rises.

Financial Times Deutschland, 20/12/05; Frankfurter Allgemeine Zeitung, 20/12/05



Formal Prohibition Order Against Eon Ruhrgas' Long-term Supply Contracts

The dispute between the Federal Cartel Office (Bundeskartellamt) and Eon Ruhrgas over long-term gas supply contracts reached the next stage of escalation. On 13 December, the Federal Cartel Office issued a formal warning that the group's long-term supply contracts were infringing antitrust law. Existing long-term contracts will therefore need to be amended, by 30 September 2006 at the latest.

Frankfurter Allgemeine Zeitung, 14/12/05

RWE Puts Power Cut Costs At EUR 35 Million

Following the blackout of 250,000 consumers in Münsterland, the federal energy regulatory authority, the Bundesnetzagentur, is to check if RWE invested enough in its network. RWE said the cost to the company of the outage would be more than EUR 35 million.

Financial Times, 7/12/05; Times, 6/12/05

Ireland:

Electricity Price Increases Highest In Europe

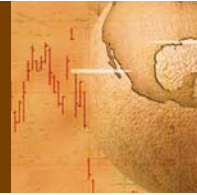
A study of European gas and electricity markets has shown that Ireland has the highest energy price inflation anywhere in Europe, nine times the average EU energy inflation levels. Electricity prices have increased by 61% over the past five years by 61% for domestic customers and 41% for industrial customers. The price of gas has increased by 22% over the same period, although Ireland remains one of the cheaper countries in the EU for both domestic and industrial users. Consumers' representatives have criticized the Commission for Energy Regulation for allowing Irish electricity prices to outstrip their EU counterparts by such an extent.

The Irish Examiner, 31/12/05

Airtricity To Raise Prices By Up To 8%.

Airtricity, the renewable energy group, is planning to raise prices by 6-8 % for its 45,000 customers. The company at present does not have the capacity to serve all its Irish customers, so it is forced to import over 45 per cent of its needs from Scottish Hydro, which has been increasing its prices recently. The Chief Operations Officer of Airtricity said the company would like to eliminate importation, but under the current regulatory regime this was impossible, as too many wind farms were still awaiting connection to the national grid.

Irish Times, 14/12/05



Italy:

New Increases In Electricity And Gas Tariffs

AEEG, the Italian regulator, has updated electricity and gas tariff tariffs for the period January-March 2006. The average national electricity tariff increased by 2.6% and reached 11.53 Eurocent/kWh. The average national gas tariff increased by 0.7% and reached 65.12 Eurocent/cubic metre.

AEEG web site, 29/12/05

AEEG Defines New Conditions For Connection Of Generating Plants To The Grid

AEEG has defined new economic conditions for connection of generating plants to the transmission and distribution network at voltages above 1 kV. The new regulation sets a two-stage process for connection: a feasibility study, and a detailed technical project on the basis of which costs for connection would be determined. AEEG also provided for incentives for generating plants using renewables, including a 50% discount on the charge for the feasibility study and the technical project, and a discount on the connection charge.

AEEG web site, 22/12/05

Netherlands:

Advice On Supervision Of The APX

The Dutch competition authority (NMa/DTe) has issued advice to the Ministry of Economic Affairs over the way in which the supervisory authority should carry out its supervision of the Amsterdam Power Exchange (APX).

DTe Website, 21/12/05

NMa Improves Competitive Conditions For Energy Suppliers

The NMa has decided that network operators can include in their network tariffs any revenues lost due to the default of an energy supplier. By this measure, it will no longer be necessary for network operators to demand bank guarantees from newcomers.

DTe website, 15/12/05

NMa Consults Energy Sector On Cost Of Capital For Regional Network Operators

The Dutch competition authority (NMa) started a consultation on the regulated rate of return on capital for the regional network operators that NMa will set in mid-2006 (electricity) and mid-2007 (gas). Since 2001, the rate of return has been 6.6% (electricity) and 6.8% (gas). In the consultation document, the energy regulation directorate (DTe) of the NMa indicates that a reasonable rate of return in current conditions would be between 4.7% and 6.7%.

DTe Website, 8/12/05



Belgian, French And Dutch Energy Regulators Publish A Roadmap On Regional Market Integration

The energy regulators CREG, CRE and DTe have agreed a Roadmap towards integration of the three wholesale electricity markets of Belgium, France and the Netherlands. The “Roadmap” aims to implement various steps towards the regional integration in the three countries, such as: coordinated explicit auctions on the borders between Belgium, France and the Netherlands; improvements in wholesale market and TSO transparency; a cross-border intraday and balancing market; and improved co-operation between regulators. Implementation will begin on 1 January 2006.

DTe Website, 7/12/05

NMa Appoints GTS As Alternative Supplier Of Gas Services

The Dutch competition authority (NMa) has decided to appoint the national gas transport network operator (Gas Transport Services, or GTS) as an alternative supplier of gas flexibility services from 1 January next year. This is because Gasunie Trade & Supply, (GUTS), the present largest supplier of flexibility services, has a dominant position in this market, so buyers are largely dependent on GUTS for this essential service.

DTe Website, 6/12/05

Portugal:

The Government To Limit Electricity Tariff Increase For Industrial Customers

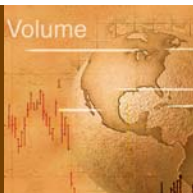
The Portuguese Government plans to implement some measures aimed at limiting the full-service electricity tariff increase proposed by Portuguese energy regulator, ERSE, for industrial customers (16.3%). In July 2005, the Government applied similar measures, transferring part of the Hydro Correction Fund to the tariffs.

Jornal de Negócios Online, 30/12/05, 6/12/05

Final Agreement On Corporate Governing For The Main Portuguese Energy Companies

The Portuguese Economics Minister, Mr. Pinho, stated that an agreement had been reached with ENI on Galp’s shareholding. The Italian oil company will not now exercise its right to increase its shareholding in the Portuguese company, maintaining its stake in Galp at 33.34%. In addition, the Portuguese electricity company EDP has finally agreed its new governance model, which provides that all the main shareholders will be on the executive board. This might lead to the entry of a new CEO in the firm.

Jornal de Negócios Online, 30/12/05, 29/12/05



New License For Oil Exploration

The Portuguese Government has granted a license for oil exploration in two blocks in the Algarve to a consortium formed by Spanish Repsol (75%) and German RWE (25%). The oil exploration process of the Portuguese coast had been discontinued in 2003.

Jornal de Negócios Online, 28/12/05

Green Light For Constructing Two Dams In Portugal

The Portuguese General Direction of Energy, DGE, the entity in charge of granting licenses for building new generation capacity, has approved the construction of two new dams in Portugal by EDP. In addition, EDP will also increase the generation capacity of two other dams. The total investment expected in these four dams amounts to EUR 822 million (US\$978 million).

Jornal de Negócios Online, 22/12/05

Six New CCGTs By 2015

The Portuguese Economics Minister, Mr. Pinho, announced that six new 400 MW CCGTs will be built before 2015. It has not yet been decided how the licenses to build this new capacity will be allocated (i.e. whether through a public auction or other means).

Jornal de Negócios Online, 21/12/05

The Competition Authority Forbids Galp/Esso Acquisition

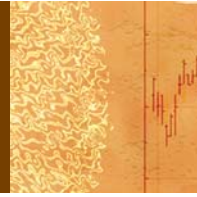
The Portuguese competition policy authority, Autoridade da Concorrência (AdC), has decided not to approve Galp's proposed acquisition of Esso's marine oil stations in Portuguese seaports. Galp is considering whether or not to appeal this decision. AdC reported that the acquisition might harm competition in the retail activity of some ports since Galp would control 80% of the market.

Jornal de Negócios Online, 14/12/05

EDP Achieves Service Quality Targets

The Portuguese energy regulator, ERSE, has issued a report which shows that EDP complied in year 2004 with the service quality targets. According to this report, EDP's quality of service was appropriate with respect to continuity of service and in terms of commercial quality in eight parameters out of nine. The report concludes that EDP has made an important effort in improving its service quality.

Jornal de Negócios Online, 12/12/05



The President Of Portugal Against Limits To ERSE's Powers

After the President of Portugal, Mr. Sampaio, declared his intention to veto any change in ERSE's independence from the Portuguese Government, the Portuguese Government announced that it was considering whether to limit ERSE's powers. The Portuguese Government had in mind a regulatory model similar to that in place in Spain, where the Government takes the final decision on regulatory issues.

Jornal de Negócios Online, 9/12/05

Romania:

Romania To Allow More Finalists In Sale Of Power Distributor To Get Better Price

Romania's government said that it will sell the power distributor Electrica Muntenia Sud in two phases. In the first stage binding bids will be placed and in the second stage improved offers can be placed. The change from the initial one-stage procedure aims to bring a higher price, to increase competition among the candidates and to shorten the privatisation process. Romania plans to sell 50% of Electrica Muntenia Sud to a strategic investor or consortium, which would simultaneously raise its stake in the Romanian utility to 67.5% via a capital injection.

SeeNews, 23/12/05

Russia:

New Law Will Allow Foreign Ownership Of Gazprom Shares

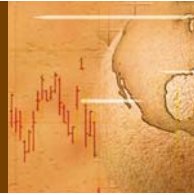
The House of Federations approved changes in the law allowing direct foreign ownership of Gazprom shares. The amendments will take effect after President Putin signs them. Foreign entities will be able to own more than 20% of the shares, although the state will retain a controlling interest of 50% plus one share. Gazprom shares will begin trading on the Russian Trading System in late January 2006.

Ria Novosti 30/12/05; Interfax 14/12/05

RAO UES Board Discusses Functions To Transfer To State

The board of directors of RAO UES discussed a number of functions that are currently assigned to the company but that should be transferred to other entities in the reorganisation of the power sector. These functions include: development of the market, setting reliability standards, monitoring market power and grid access violations, forecasting system operations and managing technical policy. These functions will be transferred to various entities such as the System Operator, Federal Grid Company, Trade System Administrator, generation and distribution companies, energy ministry and other state agencies.

Interfax 29/12/05; RIA Oreanda 26/12/05



Reorganization Of The Far-East Energy System

As a result of the reorganisation of the Far East energy system, the Far East Generation (DGK) and the Far East Distribution (DRSK) companies were registered on 19 and 22 December respectively.

SKRIN 27/12/05; RAO UES Press Release 26/12/05

Government Sets Up Commission On Energy Issues

Prime Minister Michail Fradkov signed a decree establishing a commission for issues in the fuel and energy industry and rehabilitation of mineral resources. The Prime Minister is the chairman of the commission.

Interfax 23/12/05

Generation Company Appeals Tariff Ceiling

Arkhangelsk Generation Company, part of the Territorial Generation Company 2 (TGK2), filed an appeal against the tariff ceiling established by the Federal Tariff Service. The company generates 70% of the thermal energy produced in Arkhangelsk region. The claimant requests an increase in tariffs of 11.2% in 2006.

Prime-TASS Energy Service 21/12/05

Spain:

Government Approves Electricity And Gas Tariffs

The Spanish Government approved regulations setting electricity and gas tariffs for 2006, which will come into effect on 1 January 2006. Gas full-service tariffs increase by 4.26% and 10.75% for residential and industrial clients, respectively. Electricity full-service tariffs show an average rise of 4.68% while electricity access tariffs increase by 2.86% on average. In addition, new regulations allow the Spanish Ministry of Industry, Tourism and Trade to raise the full-service electricity tariffs again in July in order to recover the 2005 tariff deficit.

Gaceta de los Negocios, 29/12/05; BOE, 28/12/2005; ABC, 24/12/2005, 16/12/05; Cinco Días, 24/12/05; enervia.com, 19/12/05; El País, 15/12/05



Competition Authority Approves Takeover Of Unión Fenosa By ACS

The Spanish competition authority, Servicio de Defensa de la Competencia (SDC), published its decision on the proposed takeover of 10% of the shares of Unión Fenosa by ACS, a large company mainly operating in the promotion, construction and management of infrastructures and services. The SDC considers that the takeover does not harm competition in the electricity sector. Once the Spanish Government approves the takeover, the stock market supervisory authority, Comisión Nacional del Mercado de Valores (CNMV), has to decide whether ACS is allowed to increase its shareholding in the company from its current 24.5% to 35%.

Cinco Días, 28/12/05; El Mundo, 28/12/05; Servicio de Defensa de la Competencia, 27/12/05

Energy Regulator Publishes Non-Binding Report On Gas Natural's Takeover Bid

The Spanish energy regulator, Comisión Nacional de la Energía (CNE), published a favorable non-binding report on the proposed acquisition of Endesa by Gas Natural, albeit with a number of conditions affecting sale of generation capacity, wholesale gas release, and limits on retail market shares.

El Mundo, 23/12/05; El País, 22/12/05

Government Approves Modifications to Electricity Sector Regulation

The Spanish Government approved new regulations to improve the operation of the electricity sector and to prepare for the integration of the Spanish and Portuguese systems into the Iberian electricity market. The measures include, among others, giving generators with physical bilateral contracts the right to receive the generation capacity payment currently paid to generators which participate in the spot market; and the homogenisation of contracting conditions for final consumers in the regulated and unregulated markets to facilitate switching to the liberalised supply market.

Spanish Official Journal, 23/12/05; Enervia, 5/12/05, 2/12/05; Cinco Días, 3/12/05

Full-Service Gas Tariffs For Large Consumers To Be Eliminated In 2006

The Spanish Government has sent a draft structure for gas tariffs to the Spanish energy regulator (Comisión Nacional de la Energía, CNE). The draft includes a regulatory reform that will eliminate full-service tariffs for large consumers, obliging those still in the full-service tariff regime to switch to the unregulated gas market and to sign bilateral contracts with suppliers. This reform affects 31 gas customers including holders of interruptible contracts, electricity generators and certain consumers supplied at pressures above 4 bar. Industrial customers that currently hold an interruptible contract (20 compa-



nies) will have to leave the regulated market by July. Gas consumers with a pressure above 60 bar (3 companies) will benefit from a 6-month moratorium and consumers with a pressure above 4 bar and consuming more than 100 GWh/year (7 companies) will have to sign bilateral contracts by the end of 2006. *Cinco Días, 16/12/05; El Mundo, 16/12/05*

Switzerland:

Debate On Foreign Investment In National Electricity Networks

A clause in the draft Swiss electricity law (Eleg) states that the electricity transmission system operator and owner is a single entity and has to keep the utilities in Swiss hands in order to benefit Swiss interests. Lawmaker Carlo Schmid now proposes to reinforce this clause by adding that only the Swiss cantons and communes should be permitted to hold stakes in the national transmission grid owner-operator. This proposal will be considered by the energy and environment subcommittee of the upper house of the federal parliament.

Platts – EU Energy, 16/12/05

Turkey:

Tupras Share Transfer Postponed Upon Koc-Shell Request

The Koc-Shell group applied for an extension of the share transfer deadline for oil refiner Tupras due to the continuation of the procedure to secure financing for the acquisition. The Privatisation High Board approved the consortium's request and extended the deadline to 3 February 2006.

Turkey Today, 21/12/ 05

Privatisation Of Electricity Distribution May Start This Month

The Turkish energy minister said that privatisation tenders for electricity distribution might start before year-end. He said that the parliament would discuss the draft that paves the way for privatisation in electricity distribution after approval of the budget law and that, following the passage of the law, the tenders will be launched. The government plans to hold tenders for privatisation of electricity distribution at least in one region by end-2005 and to complete tenders for all regions by end-2006.

Turkey Today, 20/12/05



North American News

US:

Two Natural Gas Companies Cut Rates For January

Columbia Gas of Ohio and Dominion Gas have both made temporary cuts to their domestic gas rates to reflect savings from warmer-than-normal weather. Average customers' January heating bills should be US\$35 less than expected. *Associated Press Newswires, 29/12/05*

FERC Issues Final Rule On Utility Mergers

The US Federal Energy Regulatory Commission issued a final rule implementing its new authority to review electricity company mergers and acquisitions valued at over US\$10 million. An energy bill passed in August 2005 repeals the Public Utility Holding Company Act (PUHCA), a 70-year-old utility merger law that was overseen by the US Securities and Exchange Commission. *Dow Jones & Company, Inc., 28/12/05*

Appeals Court Upholds PCS Decision On Gas Rates

The Missouri Court of Appeals for the Western District has upheld the Missouri Public Service Commission's 2004 decision to approve the rate increase requested by Missouri Gas Energy. The decision overturns a ruling by a Cole County Circuit Court judge who said the PSC's calculations were unreasonable and based on flawed testimony. *Associated Press Newswires, 27/12/05*

Xcel Energy Customers Brace For Rate Hike

The Minneapolis Public Service Commission has granted a 2.5% increase in natural gas rates for customers of Xcel Energy, giving a monthly increase of US\$2.25 for the average gas customer. Xcel did not get all it was asking for. The PSC said it trimmed the company's request by 2%. *Associated Press Newswires, 23/12/05*

NorthWestern Gas Rates Going Up 14%

NorthWestern Energy saw its request for a 22.5% increase in its gas rates reduced to 14% by the state Public Service Commission, with a majority of members saying they were not convinced the full increase was justified. The Commission indicated that they felt that NorthWestern should have taken more prudent action to ensure a greater volume of lower cost gas was held in storage for the winter. The latest increase takes effect from 1 January 2006. NorthWestern customers have seen a 40% increase overall in natural gas rates since June.

Associated Press Newswires, 22/12/05



State Regulators Approve PNM Rebate Program

The New Mexico Public Regulation Commission has approved a programme of energy-saving incentives designed to help state utility customers invest in energy efficiency to offset the increased costs of heating their homes. The incentives will give residential customers rebates on the purchase or installation of products to improve energy efficiency in their homes. The programme will be paid for by a surcharge on customers' monthly bills of about 44 US cents a month for residential customers, the utility said.

Associated Press Newswires, 21/12/05

FERC Seeks To Spur New Natural Gas Storage With Rate Reform

The Federal Energy Regulatory Commission (FERC) is proposing reforms to its gas storage pricing policy, in an effort to cut price volatility by encouraging expansion of gas storage capacity. The proposal is to allow natural gas companies operating storage facilities flexibility in pricing and also to expand the definition of what constitutes a "product market" for storage to include related substitutes for gas storage services, such as available pipeline capacity and local gas production.

Energy Washington Week, 21/12/05

Approval Of Plant Ruled Not Sufficient

Aquila Inc. could be forced to dismantle a US\$140 million power plant if it can't get the specific permission it needed before it started the project, according to a December ruling by a Missouri appeals court. Aquila began operating the 315-megawatt South Harper power plant in June, saying it was necessary to meet the needs of customers. The appeals court agreed that either state or county approval would be sufficient, so both were not needed. Aquila can appeal to the Missouri Supreme Court, seek Cass County's approval, or return to the Public Service Commission and ask for specific approval of the power plant.

The Associated Press, 21/12/05

FPL Group and Constellation Energy to Merge, Creating Nation's Largest Competitive Energy Supplier And Its Second-Largest Electric Utility

FPL Group, Inc. and Constellation Energy, two of the strongest, fastest-growing and most successful energy companies in America, today announced that they have signed a definitive agreement to create the nation's largest competitive energy supplier and its second-largest electric utility portfolio. The combined company will be named Constellation Energy.

Business Wire, 19/12/05



California ISO Board Approves Increase In Bid-Cap Level

The California Independent System Operator Corporation (California ISO) Board of Governors approved a plan to increase the bid cap applied to the small amount of energy purchased through the ISO wholesale markets. Under the plan, the California ISO will file a request with FERC to raise the cap in the spot energy market from a US\$250 per megawatt-hour “soft cap” to a US\$400 per megawatt-hour “hard cap,” meaning bidders would not be allowed, as they are now, to bid above that cap. The change would not affect the ISO operating reserve market, which would retain its US\$250 cap.

Business Wire, 16/12

FERC Approves Two Multibillion-Dollar Utility Mergers

Federal energy regulators have approved both the merger between Duke Energy Corp. and Cinergy Corp., costed at US\$9.1 billion, and MidAmerican Energy Holding Co.'s purchase of PacifiCorp for US\$5.1 billion. The Duke-Cinergy merger will create a regional utility with assets of about US\$70 billion, 45,000 megawatts of generating capacity and 17,500 miles of natural-gas pipelines, serving more than 5 million customers in Kentucky, Indiana, North and South Carolina, Ohio and Canada. However the deal awaits final approval from state utility regulators in Ohio, North Carolina and Indiana as well as from the federal Nuclear Regulatory Commission, the Federal Communications Commission and shareholders of both companies. According to FERC, MidAmerican's takeover of PacifiCorp would create a combined company with about 6.6 million customers.

Dow Jones Business News, 15/12/05

Regulators Approve Double-Digit Price Increase For Natural Gas

The New Jersey Board of Public Utilities (BPU) has approved gas rate increases to all four of its state gas utilities, due to the high costs of purchasing gas. The increases are: 23.2% for New Jersey Natural Gas; 22.9% for Elizabethtown Gas; and 15.4% for Public Service Electric & Gas. South Jersey Gas was the only utility denied its full request, to keep its increase in line with the other providers. Both South Jersey Gas and New Jersey Natural Gas asked the BPU to change the regulations that govern profit making, to encourage the gas companies to encourage and promote energy conservation, without risking profits.

Associated Press Newswires, 15/12/05



PSC Adopts Emergency Heating Cutoff Rules New Cold-Weather Rule Would Relax Payment Terms, Waive Late Fees

Missouri utility regulators agreed a range of temporary emergency measures designed to help low-income residents cope with soaring heating costs. The new rules, which will apply until the end of March 2006, include more lenient payment terms and waivers of late-payment fees and interest for some customers. The emergency measures were sought by the Office of Public Counsel, the State Governor and the Attorney General.

St. Louis Post-Dispatch, 14/12/05

Arizona Utilities Under Scrutiny For Pension Plan Shortfalls

State regulators want to know why three major Arizona utilities are facing a combined pension funding shortfall of more than half a billion dollars. The shortfalls affect Arizona Public Service Co., Tucson Electric Power and Southwest Gas. State regulators are debating whether these shortfalls should trigger closer scrutiny of the pension policies of all of Arizona's largest utilities.

The Associated Press, 9/12/05

D.C. Circuit Court Of Appeals Finally Sends Transc's Firm-To-The-Wellhead Transportation Service Down The Sink

A three-judge panel of the federal Court of Appeals for the District of Columbia Circuit has issued an opinion that upholds FERC's rejection of the "firm-to-wellhead" natural gas transportation service that has been defended by Transcontinental Gas Pipe Line Corp. for more than a decade. The Court denied the petition for review on the basis that "prices may be increased, terms may be altered, but contracts may not be unilaterally amended to effectively add new service."

Foster Natural Gas Report, 8/12/05

FERC Staff Backs PJM Settlement Addressing Scarcity Pricing, Offer Capping

FERC trial staff threw its support behind an offer of settlement filed by PJM Interconnection that, among other things, establishes procedures for the grid operator to make scarcity pricing payments to generating units when defined conditions occur. The settlement also overhauls PJM's current rules for offer capping frequently mitigated units.

GNU's Power Market Today, 7/12/05



Salmon Lawsuit Worries Utilities

The National Wildlife Federation (NWF) has asked a federal judge to increase water spillage and flows at a number of dams on the Columbia and Snake rivers next spring. The water is needed to aid downstream migration of juvenile chinook salmon, says NWF, which won a similar suit earlier this year for the summer migration. The lawsuit has local utilities worried about large spikes in next year's energy prices. The Bonneville Power Administration (BPA), which produces electricity at the dams, says such water losses will cost the region 770 average megawatts of energy—enough electricity to power three-quarters of Seattle for a year—equal to US\$450 million annually in lost revenue, of which Bonneville's customers would bear US\$347 million.

Knight Ridder/Tribune Business News, The Seattle Times, 7/12/05

Texas Regulators May Cut Up To US\$1 Billion From AEP Cost Recovery

In Texas, power plants built to serve the old captive customer base are considered stranded investments, and utilities can sell them to determine the difference between their actual market value and old book value, and then recover the difference from customers. However, commissioners on the Texas Utility Commission of Texas suggested AEP didn't sell its plants for enough money, so they may not let AEP recover the full US\$2,400 million it's seeking. An order may come in January.

Dow Jones & Company, Inc., 2/12/05

Court Remands Transmission Grid Upgrade Cost Case To FERC

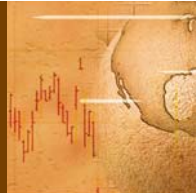
The U.S. Court of Appeals for the District of Columbia Circuit remanded to the Commission for further proceedings a case about a transmission upgrade. FPL Energy Marcus Hook asserts that it shouldn't have to pick up the tab for the cost of the upgrade. (The Marcus Hook project—a combined cycle, gas-fired, electric generating facility in Marcus Hook, PA—entered service in late 2004.) The Court said that FERC did not adequately explain a decision on the system benefit of the transmission upgrade.

NGI's Power Market Today, 2/12/05

Merger To Save Millions But Customers Unlikely To Benefit

The proposed merger of Duke Energy Corp. and Cinergy Corp. includes power plant transfers that would save the companies at least US\$225 million, but they haven't proposed passing those savings on to customers, according to Ohio's consumer advocate. Cinergy told the Public Utilities Commission of Ohio (PUCO) in its filings that the merger will benefit Ohio consumers and extend Cinergy's record of providing reliable service at reasonable rates.

Dayton Daily News, 2/12/05



Gas Cost To Rise US\$55 On Consumers Bills

The Michigan Public Service Commission has approved a 47% increase in Consumers Energy's gas-cost recovery programme for the year and a similar increase for Aquila Networks. The Michigan Attorney General has announced that he is considering an appeal against the Commission's decision.

Detroit Free Press, 2/12/05

Mass. Slashes Bid For Gas Rate Hike

Massachusetts regulators reduced the gas rate increase sought by Bay State Gas Co. from 4.2% to 2.1%. The regulators also ordered an investigation of staff levels in the company, following claims by the Utility Workers Union that Bay State Gas has reduced employee numbers by 40% since buying the utility in 1998, compromising safety and degrading customer service.

The Boston Globe, 1/12/05

Nstar Settles With Mass. Regulators

Nstar has reached a settlement with the Massachusetts attorney general to cut its gas and electricity rates. Nstar also intends to spend US\$10 million on new safety initiatives as part of the deal. The settlement includes a debt forgiveness program for low-income customers and changes in the company's power purchasing practices to stabilise energy prices for residential customers.

Associated Press Newswires, 30/11/05

Canada:

Ontario Natural Gas Prices To Take Off On 1 Jan; Regulator Allows Rate Hikes That Will Add At Least \$250 To Typical Consumer's Bill

In Ontario, the province's energy regulator approved increases in the rates that natural gas distributors. The approval covers Enbridge Gas Distribution Inc, serving customers in Toronto, and Union Gas Ltd, which serves customers elsewhere in Ontario. The new rates come into effect on 1 January 2006. Customers living in Northern Ontario are facing the steepest increases.

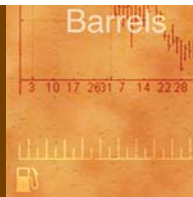
The Globe and Mail, 22/12/05

Mexico:

Colombia, Dominica Reach Joint Energy Agreement Mexico

Colombia and the Dominican Republic signed the Cancun Declaration agreeing to promote the Mesoamerican energy integration program proposed by Mexico. The declaration calls for construction of a refinery, a plant for liquefied natural gas, a hydroelectric dam and a gas pipeline stretching from Mexico to Panama. The declaration states that the refinery and power plant will be financed by the private sector, while governments in the region are allowed to contribute as shareholders.

Xinhua English Newswire via Power Report, 14/12/05



Pemex Allowed To Generate Its Own Power

The Mexican Senate approved legal changes to allow Mexican oil giant Pemex to generate power and sell any excess to the electricity monopolies (CFE and LFC). Pemex will save US\$200 million per year by generating its own power.

Reforma, 14/12/05

Mitsubishi Won US\$611 Million Coal-Fired Power Project In Mexico

Mitsubishi Corp. won a US\$611 million contract to build a 651-megawatt coal-fired power plant on the Pacific coast. The project forms part of its programme to diversify fuel use to counter volatility in natural gas prices.

Dow Jones Newswire, 7/12/05

Central and South American News

Argentina:

Senate Approves Increase In Full-Service Electricity Tariffs

The Argentinean Senate has approved new full-service electricity tariffs for several distribution companies. The two main distribution companies in Buenos Aires, Edenor and Edesur, are allowed to increase tariffs for large consumers by 23%. Further increases have been ratified for distribution companies in the Patagonian regions of Río Negro and Neuquén.

Europa Press, 23/12/05

Bolivia:

Government May Revoke Private Ownership Of National Gas Resources

Mr. Evo Morales, leader of MAS (Movimiento al Socialismo), announced after his victory in Bolivia's Presidential Elections that his Government will not expropriate assets owned by foreign gas companies. Instead, he declared that he will revoke those firms' ownership of gas at the wellhead, which they obtained in 1996, and sign service contracts with them. He thus guarantees that foreign companies will recover the US\$3500 million that they have invested since 1996.

The Economist 24/12/05; La Gaceta de los Negocios, 20/12/05



Brazil:

Partial Success Of The Auction Of 20 New Energy And 31 Existing Projects

The Brazilian Government carried out an electricity power auction on 16 December. The Government auctioned 20 new power projects, due to start selling energy in three-and-a-half years time, with a view to avoiding a repetition of the shortages experienced in 2001. In the same auction, existing power generation projects sold 3.3 GW of firm power, about 60% of the total 5.4 GW offered, in 15-year and 30-year contracts, with delivery starting in 2008, 2009 and 2010. The Brazilian Mines and Energy Ministry will launch two more new power projects auctions in 2006.

Business News Americas, 19/12/05; Dow Jones International News, 19/12/05, 16/12/05

Central America:

The Regulation Of The Electric Regional Market Approved

On 15 December 2005 the regional electricity interconnection commission of Central America (Comisión Reguladora de Interconexión Eléctrica, CRIE) approved the regulations of the regional electricity market (Mercado Eléctrico Regional, MER). These regulations (which replace the Transitional Regulation of the MER signed in 2002) outline the rights and obligations of each of the six national system operators in Central America regarding transmission services, energy dispatch and the tariff regime of the Siepac (Sistema de Interconexión Eléctrica de los Países de América Central).

Business News Americas, 23/12/05

Ecuador:

Congress Rejects Electricity Sector Act Draft And Creates Commission To Reform The Sector

The Ecuadorian Congress has rejected the proposed draft of the Electricity Sector Act. The draft Act stipulated a grant of around US\$800 million to twenty electricity supply companies as compensation for the freeze in full-service tariffs. However, Congress has organised a seminar to discuss a reform of the electricity sector legislation. The seminar concluded with the creation of a commission, which, within 30 days, will have to prepare a draft of the sector's reforms.

Business News Americas, 29/12/05; Reuters News, 14/12/05



Guatemala:

New Adjustments To Full-Service Tariffs

The Guatemalan electricity regulator (Comisión Nacional de Energía Eléctrica, CNEE) has approved new changes to electricity full-service tariffs. The full-service electricity tariffs for small and medium firms have been reduced by 40% while tariffs for large industrial consumers will rise by 10.5%. The so-called Social Tariff, for users with a monthly consumption below 300 kWh, will remain unchanged.

Siglo Veintiuno, 10/12/05

Nicaragua:

Electricity Tariffs To Increase By 7%

The Nicaraguan Energy Institute (Instituto Nicaragüense de Energía, INE) approved an increase in full-service electricity tariffs, with effect from 2 January 2006. However, under an agreement between the Nicaraguan Government and electricity distribution company Unión Fenosa, full-service tariffs will remain unchanged for those users with a monthly consumption below 150 kWh. The head of the INE, Mr. David Castillo, announced that further tariff increases will be required during the first quarter of 2006 to meet IMF recommendations.

AP Spanish Worldstream, 28/12/05

Panama:

Electricity Full-Service Tariffs Increase Announced

Panama's energy regulator, Ente Regulador de los Servicios Públicos (ERSP), announced an increase in electricity full-service tariff of 15% during the first semester of 2006. The two distribution companies, Unión Fenosa and Elektra, had demanded a 30%-40% increase. Panama's President, Mr. Martín Torrijos, has not made public yet if the Government is to subsidise the rise as it has done during the last three years.

Agencia Mexicana de Noticias, NOTIMEX, 18/12/05

Venezuela:

Government To Subsidise Private Generators

The Venezuelan Energy and Oil Ministry may subsidise the price of fuels used by private power generators instead of raising full-service tariffs. This measure seeks to reduce the financial losses of the sector and to foster investment in electricity transmission and distribution. Power utilities have been demanding an increase in tariffs, which have been frozen since 2003.

Business News Americas, 9/12/05



Asia Pacific News

Australia:

Service Standards Adopted In Northern Territory

The Utilities Commission has released its finalised Standards of Service Code for electricity supply in the Northern Territory. The Code establishes minimum standards of reliability, quality and customer service for the Power and Water Corporation. The company will be required to submit proposals for minimum standards satisfying the provisions of the code to the Commission for approval within six months of the Code coming into effect.

www.utilicom.nt.gov.au, 21/12/05

Tasmanian Tariffs Approved By Regulator

The Tasmanian Energy Regulator has approved the tariffs proposed by distribution network operator Aurora Energy for 2006. Average tariffs will increase by 4.13%, higher than forecast due to lower than expected increases in 2005. Residential customers will incur more of the increases than business customers, with large residential users likely to face the biggest price hikes.

www.energyregulator.tas.gov.au, 21/12/05

China:

Electricity Reform Was Doomed, Says Watchdog

An industry watchdog report has said that reforms of the mainland's electricity sector aimed at breaking the monopoly of the power conglomerates have failed because of inadequate government support and an ineffective regulatory system. The author of the report, Yang Mingzhou, from the State Electricity Regulatory Commission, said it was time for the authorities to act forcibly to save the three-year-old reforms from failure. The report, which has been submitted to the State Council, came amid the strongest criticism of the reforms, which were introduced when the government ended the monopoly of the now-defunct State Power Corporation.

South China Morning Post, 19/12/05

Nine Cities In China's Hubei Province Switch To Ethanol Gasoline

Nine cities of China's Hubei province are to switch to ethanol gasoline. From 31 December regular gasoline will not be sold in the nine cities. About 1,400 gasoline retail stations under integrated Chinese state oil giants Sinopec and PetroChina, as well as 600 private gasoline stations, will switch to selling E90, E93 and E97 RON ethanol gasoline.

Platts Commodity News, 30/11/05



Hong Kong:

Electricity Firms Face Cap On Earnings

The Hong Kong government plans to cap the 13.5-15% returns of Hong Kong's electricity utilities in future to 9.7%, benchmarking them against the returns of franchised bus companies. Franchised bus companies Kowloon Motor Bus, New World First Bus and Citybus face a reduction in their returns to 9.7% from 13% as part of an unprecedented fare adjustment regime that the government plans to implement in January. The scheme of control, which was introduced about 40 years ago, has attracted criticism for encouraging over-investment and offering a generous profit margin to the power companies.

South China Morning Post, 1/12/05

India:

States Protest Collusion Among Power Traders

Distribution companies and state electricity boards have said that “unhealthy competition and collusion among power traders” is resulting in higher power prices. The companies will consider approaching the Central Electricity Regulatory Commission for a “redressal of grievances.” State Electricity Regulatory Commissions (SERCs) of power deficit states have also approached the appellate tribunal (AT) with the suggestion that power trading should be regulated. Other states have argued the tariff for sale of electricity to an electricity trader by a generation company or any licensee cannot be regulated as the term licensee in the Electricity Act 2003 does not include a trading licensee. Meanwhile, the Central Electricity Regulatory Commission (CERC) has proposed a cap on trading margins.

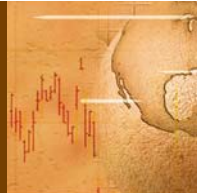
Indian Business Insight, 28/12/2005; Financial Express, 7/12/ 05;

Financial Express, 4/12/ 05

Cabinet Clears Oil Regulator

The Government Of India has cleared a bill which aims at setting up the Petroleum and Natural Gas Regulatory Board (PNGRB) to administer downstream oil, natural gas and fuel businesses operating below the production phase for crude oil and natural gas. Its operations will cover refining, processing, storage, transportation, distribution and marketing of petroleum products, though not the establishment of LNG terminals, operation, transportation of LNG through pipelines and pricing of natural gas.

Indian Business Insight, 17/12/05



Now Commercial Users Can Pick Power Utility

Nineteen Indian States have issued open access regulations allowing commercial users consuming electricity of one megawatt (MW) and above to purchase power from a power utility of their choice. The regulations are in accordance with the common carrier principle adopted in the Electricity (Amendment) Act 2003. The consumer can use the local supplier's distribution network for wheeling in the electricity from another supplier by paying wheeling charges plus a surcharge to the local supplier as compensation for loss of a customer. Karnataka and Rajasthan will start with users of 15 MW and above and will include users of 1 MW and above by April 2008. Gujarat will start with the users of 5 MWs and above from Jan 2006 and will include the users of 1 MW and above within two years.

Indian Business Insight; 17/11/05

Mahadiscom Plans To Slap Fine On Power Overdrawal

In a bid to tackle the electricity shortfall, Maharashtra Electricity Distribution Company Limited (Mahadiscom) has proposed to introduce penalty charges on customers overdrawing power. A proposal submitted by Mahadiscom to Maharashtra Electricity Regulatory Commission (MERC) says if the power consumption of residential customers exceeds his or her average consumption level by more than 70% then they will have to pay a load management charge of US 2 cents per unit. Industrial and commercial establishments will be subject to higher penalties.

Business Standard, 14/12/05

New Zealand:

Commission Threatens To Take Control Of Transpower

The Commerce Commission has announced its intention to declare control of national grid operator Transpower. This follows a Commission inquiry into Transpower's breaches of regulatory thresholds over the past three years. The move constitutes a procedural step towards exercising control over Transpower's prices, but the Commission must first consider submissions by interested parties. A final decision on control is likely to be made in March.

The Press, 23/12/05; www.comcom.govt.nz, 22/12/05



Pakistan:

Pakistan Seeks Offers For 51% Stake In Gas Utility

Pakistan on Tuesday solicited offers from interested investors for a 51% strategic stake in its largest gas transmission and distribution utility, Sui Northern Gas Pipelines Ltd. The privatisation committee also said that expressions of interest for the privatisation of Sui Southern Gas Co., the country's second-largest gas utility, will be invited "separately and shortly."

Dow Jones International News, 13/12/05

Philippines:

Napocor, Meralco Told To Iron Out Demand Cap Commitments Under TSC

State owned National Power Corporation (Napocor) and Manila Electric Company (Meralco) have been directed to resolve their differences over the proposed demand cap that will set out flexibility in Meralco's power supply offtake under the transition supply contract. The Energy Regulatory Commission (ERC), as the responsible regulatory body, is acting as a mediator.

Manila Bulletin, 27/12/2005

Philippines Regulator Says Meralco To Pay 14 bn Pesos Of Dues To Napocor

The Energy Regulatory Commission (ERC) said Meralco is willing to pay only US\$262 million of an estimated US\$375 million that the power distributor has purportedly agreed to pay to the state-owned Napocor for past obligations. The amount is much lower than the US\$787 million that Meralco allegedly owes Napocor, which the government may convert into additional shares in the power distributor.

AFX – Asia, 19/12/2005

Regulator Allows Panay Power To Recover Costs, Secure Funding

The ERC has granted a provisional authority to Panay Power Corp. (PPC) to recover costs and get additional financing for the fuel needs of its power plant in an attempt to avoid disruption to power supplies in Iloilo City. The power firm planned to shut down its 72-megawatt diesel-fired power plant yesterday due to operational losses, which the firm blamed on the regulator's decision to peg its rate to that of Napocor.

BusinessWorld, 16/12/05



Thailand:**Regulators Seek More Private Power Bidders; Egat And Affiliates Could Be Shut Out**

Egat Plc and its subsidiaries may be prohibited from bidding for independent power projects next year, according to the government's new interim regulatory committee overseeing electricity affairs. Egat has already been given exclusive rights to develop 50% of the additional power generation capacity required from 2011-15.

Bangkok Post, 23/12/ 05



Our Practice

NERA is at the forefront of the continuing transformation of the energy industries worldwide. We have pioneered in developing approaches for introducing competition in segments such as power generation (where competition is workable) and for improving the regulation of sectors (where it is not). We work with companies and governmental bodies worldwide to design competitive power markets and to develop tariffs and rules of access for regulated transmission and distribution systems for electricity and gas and transport of oil and oil products. With industry restructuring, we also help companies develop strategies for exploring new opportunities and minimising new risks, including issues related to climate change and other environmental initiatives.

We help our clients to develop new regulatory strategies and, when needed, support our clients with analysis and testimony before regulatory commissions, antitrust and competition policy agencies, and domestic and international courts. Our economists help clients to decide which lines of business to pursue; to divest assets no longer consistent with their strategy; to identify and evaluate opportunities for mergers, acquisitions and investment; and to develop bidding, trading, contracting, and marketing strategies and organisations. Our work also includes designing and conducting energy auctions, providing strategy and valuation, advice on mergers and acquisitions, the financing of energy companies, and the financial restructuring of distressed companies.

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