

Reporting on energy regulation issues around the world

Global Energy Regulation

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Issue 72

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Great Britain

Consultation On Winter Energy Supply Scenarios

Energy regulator Ofgem published a preliminary consultation by National Grid Transco (NGT) setting out possible scenarios for gas and electricity supplies this winter. NGT's analysis shows: (1) energy supplies to domestic customers can be maintained even in 1-in-50 winter; (2) UK gas supplies are lower than last year, although new import and storage projects are coming on stream; and (3) the electricity generation "safety margin" is over 20%.

Ofgem press release, 31/5/05

Regulator Consents To Gas Network Sale

Energy Regulator Ofgem granted National Grid Transco (NGT) unconditional consent to sell four of its eight regional gas Distribution Networks (DNs) to third party purchasers on 1 June 2005. NGT entered into conditional agreements to sell four of its gas DNs in August 2004. NGT published indicative charges for each of the eight DNs. These indicative charges are based on a new charging methodology which allows for different levels of charges between different DNs. They are due to come into effect from 1 October 2005.

Ofgem press release, 26/5/05 & 4/5/05

Regulator Consults On Gas Entry Capacity Auction Reserve Prices

Energy regulator Ofgem published a consultation paper on the reserve prices for auctions of medium- and long-term entry capacity to the National Transmission System (NTS). Transco bases reserve prices for auctions of medium- and long-term entry capacity on estimates of unit costs of providing long-run incremental entry capacity (known as Unit Cost Allowance Gross (UCAG)) at an entry point to the NTS. Developers of potential new gas storage sites have requested Ofgem to set a number of new UCAGs at the proposed new entry points to the NTS and, in one case, to a distribution network. Ofgem is consulting both on these new UCAGs and also the possible resetting of all existing UCAGs.

Ofgem press release, 25/5/05



Belgium

Electricity: Belgian Transmission System Operator Elia To Be Listed

Elia will start trading on Euronext Brussels on 23 June, according to a report in financial daily De Tijd, which does not cite sources. The IPO should be for 40% of the company's capital and is expected to raise about EUR 150 million.

La Libre Belgique and AFX International Focus 24/5/05

Bulgaria

Sofia Presses EDCs To Decrease Investments

Bulgaria is currently leading talks with electricity distributing companies (EDCs) with the objective of lowering their volume of investments and keeping down power prices. The seven EDCs, which are now foreign owned, have plans to invest a total of US\$567 million and have asked for higher prices as of October this year. The State Energy Regulation Commission is negotiating the rescheduling of these investments in order to lessen the price increase felt by consumers by the end of the year.

PARI Daily, 20/5/05

Bulgarian State Puts Condition For Sofia District Heating Co Sell-off

The Bulgarian Energy Ministry has agreed that the Sofia district heating company, Toplofikatsiya Sofia, can be sold once its debts with the state gas company Bulgargas have been settled. The state controls 42% of Toplofikatsiya Sofia and the Sofia municipality controls the remaining stake. The district heating company has debts amounting to US\$38.9 million with Bulgargas.

Bulgarian News Digest, 13/5/05

France

Gas: New Independent Gas Supplier

A decree published on 2 May granted Altergaz a licence to compete with GDF on the French gas supply market for industrial customers. Altergaz should start operating in October and extend its services to residential customers when the market opens up in July 2007.

La Tribune 20/5/05

Electricity: EDF And AEM Take Over Edison

EDF and Milan utility AEM signed partnership agreements to take over Edison for up to EUR 7,280 million. The operation is still subject to approval by the European Commission. After the procedure EDF would own 50% of Edison's capital with corresponding voting rights. The buyout of Edison followed an agreement between Italian and French governments over competition in their power markets. EDF was allowed to raise its stake in Edison in exchange for Enel, Italy's biggest utility, obtaining a share of the French market

EDF press release and Bloomberg, 13/5/05



Electricity: French Market Opens Up

EDF offered Italian electricity company Enel, a 12.5% stake in its EPR nuclear reactor project, a 35% stake in French power group Snet, and permits to build two gas-fuelled stations in France for a capacity of 800 MW. The agreement would result in Enel owning 2 to 3% of France's generation capacity. The agreement was a condition imposed by the Italian government for the removal of the 2 % cap on EDF's voting rights in Edison.

Les Echos, 9/5/05

Electricity: Municipalities Have Greater Say Over Wind Farms

An amendment to existing legislation gives more power to municipalities when it comes to wind farms. Prior the amendment the electricity purchase tariff for wind energy could only be used for large farms with output greater than 20MW. Now municipalities are free to set the ceiling as they wish. This means that they can promote wind energy development zones in their area.

Les Echos, 6/5/05

Germany

Election Issue "Nuclear Exit"

"Nuclear Exit" is likely to feature prominently as an issue in the next Bundestag elections, now scheduled for autumn 2005. The Green Party regards the decision to phase out nuclear energy production by 2021 as one of its main achievements in government. The CDU and FDP, the two opposition parties, advocate longer running times for nuclear energy plants than the coalition government.

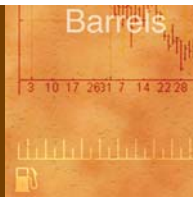
Frankfurter Allgemeine Zeitung, 30/5/05 and 25/5/05

Ireland

Regulator Warns Of Electricity Price Rise

The Commission for Energy Regulation has signalled that a further rise in the price of electricity may be necessary later this year because of rising world fuel prices. Last year the CER sanctioned an average price increase of 9 per cent for ESB customers.

Irish Times, 7/5/05



Deloitte To Examine Future Of ESB And Wider Energy Market

The Minister for Communications, Noel Dempsey, has asked consultants to assess whether ESB is too dominant in the energy market and in what ways this might be addressed. Unions and management are fearful the consultants will recommend the sale or part sale of the ESB. Mr Dempsey has not ruled out the sale of ESB's 19 power stations, but he has expressed resistance to any sale of the grid system, which is currently owned by ESB. The result is expected to be published later this year. Concurrently, the CER is conducting a five yearly review of ESB's return on capital.

Irish Times, 6/5/05

Night Power Price Guarantee To End

The Commission for Energy Regulation, the energy regulator for the Republic of Ireland, has said that night time "spill" and capacity payments should be scrapped. The CER said that these payments create an extra revenue stream for electricity companies, reduce generation efficiency and offer arbitrage opportunities between the two Irish markets. A CER report said that electricity companies currently received a "spill floor price" of US\$35.24/MWh as well as a "capacity related spill payment" of US\$7.48. They could theoretically generate extra electricity at night to take advantage of the price. The regulator said that without the floor price, energy costs would have been US\$3.15 million lower in 2004. Companies were also found to be importing power across the north-south interconnector while they were spilling.

Utility Week, 6/5/05

When Irish Eyes Aren't Smiling

Gas users in the Irish Republic and elsewhere complain that Ofgem's proposed rules on contestable gas exit capacity rights and a within-day flexibility product will have serious commercial and competition effects. Ofgem refuses to make an exception from the rules for Moffat in Scotland, the exit-point for gas flows to the Irish Republic, so users in Ireland will be excluded from the auction process.

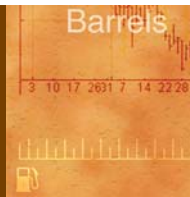
Platts International Gas Report, 6/5/05

Italy

Causes An Increase In the Price of Emission Permits

The price of CO₂ emission permits reached a new record of EUR 19.9/tCO₂. The increase seems to be due to the 9% reduction in emissions allowed to Italy.

Staffetta Quotidiana, 27/5/05



Netherlands

DTe Attempt To Amend Gas Tariff Code

DTe has received a proposed gas tariff code from the gas network operators, but established that it was not fully in accordance with the requirements of the Gas Act. DTe has set out some suggested amendments. The network operators have four weeks to respond.

DTE website, 26/5/05

Portugal

Portugal And Spain Reinforce Interconnections And Harmonise Legislation

The governments of Portugal and Spain have agreed measures to ensure the proper operation of the planned Iberian electricity market, Mibel. These measures include the reinforcement of the interconnections, in order to increase commercial electricity flows between the two countries, and the implementation of the electricity directives. Over the medium-term, the objectives are the harmonisation of electricity and natural gas tariffs and regulations.

Jornal de Negócios Online, 27/5/05

EDP To Introduce Telemetering

EDP Distribuição is considering the replacement of current meters and the introduction of telemeters. This change would avoid delays and errors in invoicing. However, the total investment would be large and thus EDP requires that the regulatory authority, ERSE, guarantees the cost recovery of these investments through the distribution remuneration formula, on the basis that this investment is positive for the system as a whole.

Agencia Financiera, 23/5/05

The Government To Review The CCGT Capacity Allocation

The Ministry for the Economy and Innovation is to check the validity of the licenses awarded for construction of new CCGTs and wind farms. The licenses were awarded by the former government after the Parliament had been dissolved. Several companies that took part in the licensing process claim that it lacked transparency. Consequently, the government is considering cancelling these licenses and carrying out a new allocation.

www.negocios.pt, 6/5/05



The Electricity Tariffs Will Value Flexibility By Large Consumers

The Minister for the Economy and Innovation, Mr Manuel Pinho, announced that the new formula for calculating electricity tariffs will introduce new parameters to value the flexibility of demand from large consumers. This formula is currently under public discussion.

Jornal de Negocios, 5/5/05

Romania

Monthly Gas Subscription Fees Abolished

The Romanian Prime Minister has announced that the flat monthly subscription fee paid by natural gas consumers introduced on 1 April will be abolished by 1 June. The abolition follows discontent from trade unions and consumers. Consumers will now pay a price per cubic metre and no other fees. This change in policy is expected to upset the foreign investors involved in the privatisation of retailers Distrigaz North and Distrigaz Sud-Gaz de France (GdF) has recently finalised the acquisition of a 51% stake in Distrigaz Sud. However, it is thought that foreign investors would have required supplementary allowances from the state to compensate for lost revenues.

Economist Intelligence Unit, 30/5/05; Business Eastern Europe, 30/5/05

Employees In Energy Domain Start Protests, Heading Toward A General Strike

Trade Unionists will protest against normative acts (regulations) issued in the privatisation process for Transelectrica and Electrica subsidiaries without CES approval. Specifically they will protest against acts that do not stipulate that social protection of employees carries over at the transfer of ownership rights. After an initial phase of strikes, the National Federation of Trade unions in the Electricity Domain will start collecting signatures in support of warning and general strikes.

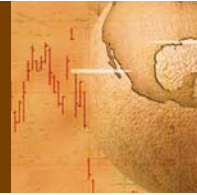
Mediafax News Brief Service, 18/5/05

Russia

The Government Envisages A Limit To Foreign Investment

The Russian Government is drafting new legislation (to be ready by 1 November) which will limit foreign investment in strategic areas, including the energy industry. However, according to governmental sources, the new measures will not prevent foreign investors from buying minority stakes in the giant gas company Gazprom, and they will help to make foreign access to oil and gas reserves more transparent.

Platts, Energy in East Europe, 13/5/05



New Director For Nuclear Company Rosenergoatom

Stanislav Antipov is the new director general of Rosenergoatom (REA), with responsibility for transforming the nuclear company from a state-owned utility into a private corporation. The aim is to attract new investment and to ensure that REA remains a key player in the electricity industry. REA currently owns ten nuclear power stations, with a combined installed capacity of 23 GW.

Platts, Energy in East Europe, 13/5/05

Spain

Regulator Demands Additional Powers

The Spanish energy regulator, Comisión Nacional de la Energía (CNE), has issued a report calling for additional powers. This request was included in a report submitted to the Spanish government, on the incorporation into national law of the electricity and gas directives. In particular, CNE is asking for the authority to set tariffs, to set fines, to control the accounts of regulated companies and for the power to monitor security of supply in the Spanish energy markets.

Cinco Días, 30/5/05

New Modification To The Allocation Of The Electricity Tariff Deficit

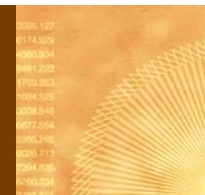
In March 2005 (see previous issues of GERN), the Spanish government approved new regulations on the allocation of the electricity tariff deficit, according to which Spanish utilities with outstanding stranded costs (CTCs) would contribute to the payment of the tariff deficit in proportion to their generation market shares. These regulations have now been modified again. The new decision establishes that the contribution to the tariff deficit will be based both on the market shares of Spanish utilities with outstanding CTCs and on the proportion of CTC payments already received. The new regulation follows Endesa's criticism of the March regulation.

Cinco Días, 24/5/05

Utilities And Government Discuss Frequency Of Electricity Tariffs Reviews

The Spanish utilities and the Industry Minister are discussing the possibility of a quarterly revision of the electricity full-service tariffs, to reflect variations in fuel prices, as currently established for gas tariffs in Spain. At present, electricity tariffs are set every year, and according to the main Spanish utilities and the energy regulator (Comisión Nacional de la Energía, CNE), they do not reflect the real costs of electricity supply and can lead to the accumulation of large tariff deficits. The new methodology for electricity tariff setting could enter into force in January 2006.

El País, 21/5/05



Government Might Auction Nuclear Sites

The Spanish government will approve a regulation allowing the auctioning of sites for nuclear plants under the moratorium. The regulation will affect three sites and will give preferential purchase rights to the current owners. The sites could be used for the installation of new CCGTs, since they already have access to the electricity network and to water facilities for cooling. The value of the transferred sites will reduce the payments for the nuclear moratorium currently included in the electricity tariffs.

Expansión, 9/5/05

Coal Plants Will Be Allowed To Burn Biomass

The Spanish government is drafting an amendment to renewable energy regulations in order to allow coal plants to mix biomass for electricity generation. The Government will also modify the renewable energy remuneration scheme to ensure the recovery of investments required by the coal plants to allow for co-firing of biomass.

Cinco Días, 7/5/05

Switzerland

Swisselectric Appeals Against Weko Conditions On Swissgrid

The Competition Commission (Weko) gave a green light to Swisselectric, the organisation of Swiss Verbund electricity companies, authorising the launch of grid company Swissgrid. However, Swisselectric decided to appeal to the Rekurskommission für Wettbewerbsfragen (Reko/WEF) against two conditions imposed by the Competition Commission (Weko) on Swissgrid. First, Swisselectric did not accept Weko's restriction that members of Swissgrid's prospective supervising board may not be members of organs of other electricity companies. Second, Swisselectric pleaded for more time to implement Weko's demand for non-discriminatory third-party access to the network.

Neue Zürcher Zeitung, 4/5/05

Turkey

Union Seeks to Block Turkish Refiner Privatisation Again

The Turkish government has launched a block sale of 51% of Turkish oil refiner Tupras. The sale is one of the privatisations in Turkey mandated by the International Monetary Fund. Turkey's petroleum workers' union, Petrol-Is, is once again protesting against the government's plans and has filed a lawsuit to block the sale. Despite this potential setback a number of parties are expected to participate in the tender.

Global Daily Insights, 31/5/05 & 2/5/05; Reuters News, 27/5/05; Turkey Sectors and Companies Today, 24/5/05



Russia's UES Plans To Buy 70% In Turkey's TGR Enerji Company

UES, the Russian power grid monopoly, is planning to buy a 70% stake in TGR Enerji, a Turkish Energy Company. UES will also increase the charter capital of TGR Enerji by issuing 50,000 additional shares. The UES press service said that the purchase of TGR Enerji is part of plans to develop activities in Turkey. *Daily Business Report*, 6 /5/ 05; *Prime Tass Energy Service (Russia)*, 29/4/05

North American News

USA

Southern California Edison Sues California To Shield Forecasts

Southern California Edison is suing the California Energy Commission to keep from disclosing its forecasts for peak summer electricity demand from 2006 to 2016. Publication could give an unfair advantage to private power generators and other suppliers and increase rates for consumers, said Edison said in its Superior Court filing. Another agency, the Public Utilities Commission, uses the electricity forecasts to evaluate procurement requests, including contracts with generators, submitted by utility companies.

The Associated Press, 11/6/05

FERC Launches Market Power Probe Into OGE Affiliates

The US Federal Energy Regulatory Commission (FERC) has launched an investigation into whether subsidiaries of OGE Energy Corp. (OGE) have market power, or the ability to set wholesale market prices above competitive levels. The Oklahoma City-based company submitted an updated market power analysis to FERC earlier this year. The filing indicated that certain subsidiaries pass some market power tests, but fail others, which gives FERC the basis for launching a formal investigation of market power.

Dow Jones & Company, Inc., 9/6/05

FERC: Offering Carrots For RTO Participation Still 'Sound Policy'

FERC continues to believe in offering carrots for participation in regional transmission organizations (RTOs), despite vacating a prior determination giving Midwest Independent Transmission System Operator (MISO) a 50-basis-point incentive premium on the rate of return on equity (ROE). FERC directed the adder to encourage transmission-owning entities to turn over operational control of their transmission facilities to MISO, a FERC-certified RTO. The US Court of Appeals for the District of Columbia Circuit noted in a decision earlier this year that MISO and its owners first filed for an incentive adder of 100 basis points but the Commission limited the hearing to considering "ROE rates that essentially provide for appropriate cost recovery".

NGI's Power Market Today, 7/6/05



FERC To Review Justness Of PJM Zonal Rates

The Federal Energy Regulatory Commission called for a review of rates imposed by the PJM Interconnection, saying they may be unjust, unreasonable, and otherwise unlawful. In an order, FERC set for hearing PJM's modified zonal rates that are assessed based on the embedded cost of the transmission facilities in the transmission pricing zone where the load is located.

NGI's Power Market Today, 3/6/05

US: Cinergy, Duke File Merger Approval Application In Ohio

Cinergy Corporation and Duke Energy filed an application with the Public Utilities Commission of Ohio seeking approval of their merger agreement by the end of 2005. In the application, the companies said the transaction will be seamless for the customers of Cinergy's Ohio subsidiary, The Cincinnati Gas & Electric Co., and pledged to continue to support economic development and philanthropic activities in its Ohio service area.

Business Wire, 1/6/05

Georgia PSC Votes To Reconsider Atlanta Gas Light Rate Decision

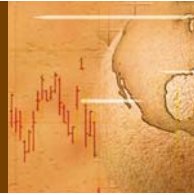
The Georgia Public Service Commission has voted by four to one to reconsider its 29 April decision in an Atlanta Gas Light rate case. The decision rejected the natural gas distributor's request for some US\$25 million in additional revenue, set its return on equity at 10.375% and ordered the firm to recapture a US\$21 million gain on the 2003 sale of its Caroline Street campus and funnel that money into its rate base. The PSC is now set to vote on the merits of AGL's rehearing request at its meeting on 10 June.

Platts Commodity News, 31/5/05

Xcel Asks To Increase Natural Gas Base Rates

To pay for infrastructure improvements Xcel Energy has applied to the Colorado Public Utilities Commission for permission to raise gas service and facility charges from US\$8.54 to US\$13.14 per month for residential customers and from US\$15.38 to US\$22.60 per month for commercial customers. Xcel also proposed reducing the charge for delivery of each therm of natural gas from 9.3 cents to 5.3 cents for residential customers, but raising it from 8.7 cents to 9.1 cents per therm for commercial customers.

Associated Press Newswires, 29/5/05



MDU Preparing Refunds For Natural Gas Overcharges

The Federal Energy Regulatory Commission ordered Williston Basin Interstate Pipeline Co. to refund US\$16.9 million, including interest, on a case filed five years ago. Williston Basin supplies most of the natural gas that Montana-Dakota Utilities sells to its North Dakota customers. Montana-Dakota spokesman Dan Sharp said the refunds are owed to about 220,000 customers in North Dakota, South Dakota, Montana and Wyoming.

Associated Press Newswires, 25/5/05

Senate Bill Would Give FERC Exclusive Authority Over LNG

A draft Senate energy bill says federal energy regulators would “have the exclusive authority” to approve or deny an energy company’s plans to build a liquefied natural gas (LNG) terminal located onshore or in state waters. There is an ongoing debate over whether the authority for approving LNG projects should rest with federal or state regulators. Residents and local officials in cities around the country have argued that the terminals are unsafe and pose a target for terrorists. FERC and the industry say that clarifying FERC’s role in LNG projects doesn’t take away states’ existing rights, but is necessary to provide some certainty for companies investing in LNG terminals in the U.S.

Dow Jones International News, 23/5/05

Mass, R.I. LNG Proposals Get Mixed Reviews

Federal regulators said KeySpan Corp’s plan to upgrade and expand its existing storage terminal in Providence, RI, to accept LNG tanker shipments would not comply with current safety regulations. However, the proposed LNG terminal at Weaver’s Cove in Fall River, MA., would ensure public safety by implementing a Coast Guard security plan to control the vessels, said FERC. The two terminals are about 18 miles apart on separate lobes of Narragansett Bay. FERC considers LNG terminals appropriate for addressing New England’s energy needs. However, State and local officials have strongly objected to both projects on the grounds of public safety, as tankers would have to pass several densely populated communities.

Associated Press Newswires, 20/5/05

TXU Rates Rising

State regulators have granted TXU’s request for a 10 per cent increase in residential rates. TXU customers who use 1,000 kilowatt-hours of electricity a month will see their bills increase by US\$10.85 to US\$120.67 a month—about 30% more than the lowest—priced competitor, Cirro Energy, which charges about US\$93 a month for a customer with the same consumption. TXU retains about three quarters of its original market share, despite increasing competition.

The Dallas Morning News, 12/5/05



NorthWestern Energy Gas Settlement May Spur Higher Rates

NorthWestern Energy has reached a settlement with state regulators in a legal dispute over recovering the cost of the utility's natural gas purchases. The PSC had refused NorthWestern's request to recoup US\$10.6 million in natural gas purchases between October 2002 and July 2004, and NorthWestern filed a lawsuit against the commission. The settlement will allow NorthWestern to recover US\$4.6 million of those costs, plus interest, over the next year. The District Court suit will be dismissed as part of the agreement.

Dow Jones International News, 11/5/05

FERC Adopts Pipeline Standards, Plans Rules For Utilities

The US Federal Energy Regulatory Commission has approved revised standards on business practices for interstate natural gas pipelines. The revised standards outline criteria for gas-quality reporting and creditworthiness, among other things. Pipeline companies will now have to provide a link to their gas-quality tariff provisions on their websites.

Dow Jones International News, 4/5/05

BGE Wants Additional Charge For Natural Gas

Baltimore Gas & Electric Co, a subsidiary of Constellation Energy Group, has asked the Maryland Public Service Commission for permission to raise gas delivery rates. Attributed to rising costs of gasoline and employee health care, the increase would raise monthly bills for average domestic gas users by US\$4, or nearly 5%. For commercial businesses, the increase would be 6.6%. The proposed increase would generate additional annual revenues of US\$53 million. It represents the first such increase since 1999, the company said.

Associated Press Newswires, 30/4/05

Canada

Klein Government Abandons Final Phase Of Power Deregulation—Retail Pricing

Alberta has abandoned plans to deregulate retail power prices, leaving thousands of consumers paying inflated rates for long-term electricity contracts. Retail power rates for homeowners, farmers and small businesses were scheduled to be fully deregulated in July 2006. The government had openly encouraged consumers to sign power supply contracts with private firms selling electricity but government ministers announced that the rates offered in these contracts are simply too high, so regulated rates will remain in place indefinitely.

Canadian Press, 8/6/05



Central and South American News

Argentina

Government Launches Investment And Energy Savings Plan

The Argentine government has launched a new programme to promote investments in the gas sector. Incentives will be granted to energy companies who team up with Enarsa—the newly formed state-owned energy company—to invest in upstream gas projects. At the same time, the Argentine government has reinstated an energy savings plan introduced last year to reduce electricity consumption in Greater Buenos Aires.

Platts International Gas Report, 20/5/05; Platts Global Power Report, 19/5/05

Bolivia

New Hydrocarbons Law Promulgated By Congress

On 17 May, the Bolivian Congress promulgated a new hydrocarbons law after president Carlos Mesa declined to make changes to it. Energy companies are now obliged to pay taxes of 50%—the existing 18% royalties plus an added direct non-deductible tax of 32%. Foreign major oil companies—including Petrobras, Repsol YPF, Total, and BP—are reportedly considering legal action against Bolivia since the new law dictates a re-negotiation of existing gas concession contracts. Indigenous groups, coca-farmers and worker unions organised nationwide protests demanding further reforms of the Bolivian gas industry.

EFE News Service, 25/5/05; Platts International Gas Report, 20/5/05

Chile

Endesa Approves Development Of Power Plant

Spanish electricity company Endesa has approved the expansion of the San Isidro plant located in Chile's Region V. After conversion to combined cycle, the plant's capacity will approximately double, to 740 MW. The plant will use gas from a LNG terminal to be built on the coast in Region V, in an effort to reduce Chile's dependence on gas imports from Argentina.

Platts International Gas Report, 20/5/05; Platts Global Power Report, 19/5/05



Asia Pacific News

Australia

Regulator's Decision Infuriates Transmission Businesses

Revenue cap decisions by the Australian Competition and Consumer Commission (ACCC) have infuriated New South Wales transmission companies. The decisions allocate a total of A\$1,360 million (US\$1,060 million) for capital expenditure by Transgrid and EnergyAustralia over the next five years and were heralded by ACCC Commissioner Ed Willet as “unprecedented.” However, EnergyAustralia acting managing director George Maltabarow described the ACCC as out of step with other regulators.

www.accc.gov.au, 29/5/05; *Australian Financial Review*, 2/5/05

Regulator Rejects Pipeline Access Proposal

The Economic Regulation Authority has decided not to approve the proposed third-party access arrangements of the Goldfields Gas Pipeline. The regulator has instead proposed tariffs about 39% lower than those currently charged. The majority owner of the pipeline, Australia Pipeline Trust, claimed that its revenues could fall by up to 20% under the new arrangements, and indicated it would seek changes.

The Australian, 18/5/05

China

Power Regulator To ‘Eliminate’ Wasteful, Energy-Intensive Industry

China's power regulator, SERC, is set to “eliminate” energy-intensive and duplicated projects. SERC said that industries would be classified into those that should be eliminated, allowed, or encouraged in line with government restructuring plans. SERC will “curb unnecessary demand and unnecessary growth of those high-energy consuming industries”.

AFX Asia, 12/5/05

New Authority To Oversee Energy Sector

China is expected to create a vice-ministry-level office in the next few days to strengthen management of the energy sector. The new office will replace the Energy Bureau of the National Development and Reform Commission (NDRC), which is currently China's top economic planning body. The new office will have responsibility for securing overseas oil and gas reserves, resolving the chronic electricity shortage, stabilising the supply of coal, enforcing industrial energy efficiency, and promoting nuclear power and other renewable energy resources.

Industry Updates, 30/4/05



Hong Kong

Power Generation Emissions To Be Capped

To achieve the 2010 emission targets agreed between Hong Kong and Guangdong, the government will cap total emissions by power companies. The government will also require the companies to maximise the use of natural gas and to develop renewable energy sources.

IPR Strategic Information Database, 4/5/05

Indonesia

Government Preparing Energy Policy Banning Gas Exports

The Indonesian government is set to discuss a ban on gas exports except those under contract next week. The ban is proposed in order to reduce fuel oil consumption and associated subsidies.

Organisation of Asia-Pacific News Agencies, 2/5/05

Philippines

DoE Mulling Subsidy On Small Meralco Users

The Department of Energy (DoE) said that the extended value added tax to be applied to petroleum products and fossil fuels may not be applied to the electricity bills of some of Meralco's marginalised customers. The DoE declined to categorise the proposal as a subsidy; the Electric Power industry Reform Act of 2001 mandates the removal of cross subsidies.

Manila Standard, 31/5/05

Napocor Gets Rate Increase

The state-owned National Power Corporation (Napocor) has been granted an average rate increase of 42% by the Energy Regulatory Commission (ERC). The tariff increase was allowed in order to stabilise Napocor's finances and stave off the prospect of a nationwide power crisis.

Platts Power In Asia, 12/5/05

Singapore

Opening Of Gas Market On Track

Singapore is expected to meet the deadline set by the Ministry of Trade and Industry and the Energy Market Authority to open up its gas market by the end of the year. The EMA have said that the Network Code is now completed but needs to be reviewed and that the remaining sticking points involving piped gas contracts and disputed third-party access to existing gas pipelines.

The Business Times Singapore. 25/5/05

Thailand

Thailand Adopts Measures To Ease State's Gasoil Subsidy Burden

The Thai cabinet has backed a proposal to ease the state's retail gasoil subsidy whilst softening the impact of a rise in gasoil prices on consumers and the economy. Thailand's retail gasoil subsidy program has cost the state US\$2,200 million since its introduction in January 2004. The proposals leave the retail price unchanged, but remove an excise tax on gasoil.

Platts Commodity News, 1/6/05

MEA Set To Revamp Organisation

The Metropolitan Electricity Authority (MEA) is set to revamp its organisational structure in preparation for a more competitive environment in the electricity supply industry. Following liberalisation of the sector independent and small power producers will be allowed to sell electricity to end users for up to 50% of their needs.

Bangkok Post, 16/5/05

Egat Seeks 9% Rate Rise, Power Grid Will Also Be Up For Sale

The Thai cabinet has approved a plan for the controversial privatisation of the Electricity Generating Authority of Thailand (Egat). A share float is expected by November.

Bangkok Post, 13/5/05

Thai Govt Aims To Reduce 2005 Energy Consumption By 10%

The Thai government aims to reduce energy consumption by 10% this year by implementing demand management measures. The measures include a reduction in electricity bills for companies that reduce their year-on-year monthly electricity consumption.

Dow Jones Energy Service, 4/5/05

Our Practice

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