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Global Energy Regulation

Reporting on energy regulation around the world July 2000

EUROPEAN NEWS

Great Britain: Utilities Act Receives Royal Assent The Utilities Act received royal assent on 28 July 2000. The Act provides for a combined regulator for the gas and electricity industries. The new combined regulator, the Gas and Electricity Markets Authority, will have an overriding objective of protecting the interests of consumers. GEMA will have powers to impose financial penalties on companies who fail to comply with their licence conditions or other requirements. The independent Gas and Electricity Consumer Council will handle complaints and provide advice on to consumers on competitive energy markets. The Act also provides the powers needed for the establishment of new electricity trading arrangements (NETA).
DTI Press Release, 28/07/2000

Great Britain: Regulator Consults on Electricity and Gas Supply Licences Energy regulator OFGEM issued a consultation document reviewing the "non-discrimination" conditions contained in current gas and electricity supply licences. OFGEM has proposed removing these conditions, on the grounds that anti-competitive behaviour can now be addressed through the threat of action under the Competition Act 1998.
OFGEM press release, 25/7/00

Great Britain: Regulator Plans More Competition in Electricity Connections Energy regulator OFGEM set out proposals designed to develop competition in connections to the distribution systems of Public Electricity Suppliers. The report considers responses to a consultation paper issued in December 1998, ensuing discussions with interested parties, and a recent survey of the current state of competition.
OFGEM press release, 24/7/00

Great Britain: Regulator Reviews New Gas Trading Arrangements Energy regulator OFGEM released a review of the new gas trading arrangements in England and Wales. The regulator found that the costs of balancing the system have

Graham Shuttleworth, General Editor
Kristina Sepetys, US Editor
Greg Houston and Rachel Goodyer, Australian and New Zealand Editors

fallen from £10 million (US$ 14.7 million) to £7 million (US$ 10.3 million) between winter 1998/99 and winter 1999/2000.

OFGEM attributes recent high wholesale gas prices to market conditions. These were cited as: (1) unseasonably cold weather; (2) large volumes of gas sold for export to Europe through the Bacton-Zeebrugge Interconnector; (3) network constraints; and (4) the impact of summer maintenance on the national gas transmission system. The regulator rejected the premise that aspects of the new trading arrangements, such as the entry capacity auctions, or market abuse by companies, may have been responsible for recent high prices. OFGEM proposes to continue with the entry auctions, arguing there is no "workable alternative" that can deal efficiently with the constraints on the national transmission system.
OFGEM press release, 21/7/00

Great Britain: Regulator Concerned About Mutualisation
Energy regulator OFGEM issued its response to a consultation document by water regulator OFWAT on new ownership structures in the water industry. Specifically, OFGEM expressed a number of concerns over mutual company structures, which have been proposed by some companies in the water industry.
OFGEM press release, 20/7/00

Great Britain: Edison Power Station to Re-open Energy regulator OFGEM will not proceed with action against Edison Mission Energy under the generator's market abuse licence condition. The announcement was made after Edison committed to returning 500 MW of capacity to the system by no later than 2 October this year.
OFGEM press release, 20/7/00

Great Britain: Regulator Issues Policy Statement on Transmission under NETA Energy regulator OFGEM issued a statement summarising its policy views on issues relating to how the National Grid Company will operate the transmission system under the New Electricity Trading Arrangements.
OFGEM website www.ofgem.gov.uk 13/7/00

Great Britain: OFGEM Rejects Appeal to Remove Capacity Payments An appeal by British Gas Trading to alter the current pool rules in England and Wales was rejected by the energy regulator, OFGEM. The proposal to remove capacity payments to generators between May and September, by setting "disappearance ratios" to zero, had been rejected at a Pool Members meeting in May. Disappearance ratios measure the potential risk to the system of plant failure. They determine the level of capacity payments paid by the Pool to encourage generator availability. OFGEM attributed recent

high capacity payments to withdrawals of plant by generators, rather than to a fault with the rules.
OFGEM press release, 12/7/00

Great Britain: Issues Statement on Electricity Generators Inquiry The Competition Commission has sent issues letters to the parties involved in the case referred by energy regulator OFGEM to over the new market abuse licence condition for British Energy and AES. Sent to main parties before the Commission has reached any conclusions, the issues letter is intended to emphasise those matters identified by the investigating panel as worthy of further consideration. The issues concern the wholesale supply of electricity in England and Wales, and cover: (1) market definition; (2) market power and its abuse; (3) market abuse under the current pooling arrangements; and (4) market abuse under the new trading arrangements (due to be in place by the end of this year).
Competition Commission press release, 7/7/00

Great Britain: Changes to Exemptions for Small Generators The Energy Minister announced proposals to raise the limit on exemptions from the need for a generation licence from 50 MW to 100 MW. The proposals would be in place for the start of the New Electricity Trading Arrangements later this year. A further consultation on possible changes to the rules governing supply exemptions was announced at the same time.
Department of Trade and Industry press release, 5/7/00

Great Britain: Regulator Proposes Changes to Transmission Licence Energy regulator OFGEM and the Department and of Trade and Industry issued a consultation paper on proposed changes to the transmission licence of the National Grid Company (NGC). The changes would allow NGC to introduce a “balancing use of system charge” to cover the costs of its balancing function under the New Electricity Trading Arrangements, due to be implemented later this year.
OFGEM website www.ofgem.gov.uk 4/7/00

Czech Republic: Energy Liberalisation A bill to liberalise the Czech energy market and to establish an independent regulator is scheduled for its special reading before parliament in September. The government aims for full liberalisation by 2007 although some opposition deputies are calling for an earlier date.
Power in East Europe, 30/06/00; East European Energy Report, 20/7/00

Denmark: Open Access to the Skagerrak Link Planned For 2001 Access to the Skagerrak subsea power link connecting Denmark and Norway will be opened to all players in 2001. Access to the link had been tied up due to the form of existing contracts between Statkraft, Elsam, Eltra and Preussen Elektra. The players

have however agreed to convert the current contracts into financial contracts enabling the 1000 MW link between the two countries to be opened to third party access.
Power in Europe, 10/7/00

France: Gaz de France Plans to Adopt EU Gas Directive from 10 August Pierre Gadonneix, the President of Gaz de France, has announced that his company will apply the European Directive on Gas Liberalisation by the deadline of 10 August, whether or not the French Parliament has adopted the draft gas law by that date. The company has undertaken to open access to the gas transmission network to all eligible customers (including roughly 100 customers who consume more than 25 million m^3 of gas from a single site) who make up about 20% of the market. According to GDF's projections, there will be in the order of 700 eligible clients in 2008, accounting for about a third of the market.
Les Echos, 12/07/00

Germany: Envia May be Fined Fortum has initiated proceedings against Envia, a regional utility in Eastern Germany, for refusing Fortum access to its grid. The Leipzig District Court has announced that will impose a fine of DM 500,000 (US$ 158,000) on Envia if it continues to refuse to grant Fortum access to its grid.
Power in Europe, 21/7/00

Germany: Enron will not Accept Gas Third Party Access Agreement The German branch Enron, the US gas and electricity company, intends to appeal to te EU Commission, if the re-negotiated version of the gas TPA agreement, TPA II, does not bring about considerable progress. Enron explained that currently the process to get access to the grid is time-consuming and complicated, mainly because the TPA lacks a model contract which new players on the gas market could use to request access to the grid.
International Gas Report, 20/7/00

Germany: Veag for Sale The German chancellor has asked for the sale of Veag, the East German lignite-fired generator, to be sped up. In addition, the European Commission and the German Federal Cartel Office have demanded the disposal of the stakes in the company held by RWE, VEW, Veba and Viag (which together control 81.25% of Veag), as a condition for allowing the Veba/Viag and RWE/VEW mergers.
Power in Europe, 10/7/00

Italian Energy Authority Introduces New Rights in Favour Of Tied Customers The Italian Energy Authority, Autorita' per l'Energia Elettrica e il Gas, has introduced new quality standards which will apply to the electricity supply service at a national level. The decisions, n.200/99 and 201/99, which gave six months to the companies to organise themselves, are available on the Authority's internet site (www.autorita.energia.it).

The new standards introduce the right, granted to 29 millions of tied customers ("utenti vincolati"), to receive an automatice rembourse if the required service is not provided within the maximum time prescribed by the law. The standards and the rembourses are compulsory and identical throughout the national territory.
http://www.autorita.energia.it/com_stampa/cs_010700.htm

Netherlands: German and British Utilities Interested in Acquiring TenneT According to recent newspaper reports, German energy company E.On (combining the energy interests of the merged conglomerates Veba and Viag) and National Grid of the UK are both interested in acquiring TenneT, the Dutch transmission system operator. E.On is reported to have sent a letter to the Dutch Ministry of Economic Affairs, urging it to allow (partial) sale of TenneT to E.On. E.On estimates the value of TenneT at around NLG 3 to 4 billion (US$ 1.3 to 1.7 billion).
Het Financieele Dagblad, 25/7/00

Netherlands: REMU Looking for Foreign Buyer Dutch energy distribution company Remu, the fourth largest player in the sector with a market share of 7%, hopes to be acquired by a foreign buyer before the end of this year, preferably an Anglo-Saxon or Scandinavian company. REMU claims it is no longer interested in acquisition by its three larger competitors in the Dutch energy sector (Essent, Nuon and Eneco). Remu recently pulled out of talks with Nuon and Eneco.
Het Financieele Dagblad, 24/7/00

Netherlands: Power Discounts by Incumbents Not Allowed
DTe, the Dutch electricity sector regulator, has ruled that incumbent power distributors are not allowed to offer "random" discounts on regulated power supply tariffs before the market is fully liberalised. The ruling followed a complaint lodged by Energiebedrijf.com, that some distribution companies were offering "dumping prices" to prevent customers from signing up with the internet energy start-up company.

DTe argues that it is not forbidden for the regulated distributors to offer lower tariffs. However, DTe is concerned that discounts are being financed by cross-subsidies, especially where distributors are charging domestic consumers more to compensate for lower commercial tariffs. DTe has warned distributors that any lower prices they offer now may determine the level at which official supply tariffs will be set next year.
Power in Europe, 21/7/00; Het Financieele Dagblad, 17/7/00

Netherlands: Essent Intends to Privatise Energy distributor Essent, one of the largest players in the Dutch energy sector, plans a bourse launch next year, which would make it the first listed energy company in the Netherlands. The company, which is currently still in public hands (mainly provincial government), intends to float 30% to 35% of its existing shares at first, followed by a second issue at a later stage. The value of the initial float has been estimated in newspaper reports at around NLG 6 billion (US$ 2.6 billion), but the company says these figures are speculative.
Power in Europe, 21/7/00; Het Financieele Dagblad, 20/7/00, 19/7/00

Netherlands: Purchasing Co-operative Enercom Liquidated Enercom, the electricity and gas purchasing co-operative run by several smaller Dutch utilities, is expected to be liquidated later this year. Six of its original 14 members will shortly merge with energy distribution company Eneco, and the other eight are seeking alternative buyers, partners or alliances.
Het Financieele Dagblad, 15/7/00

Netherlands: Government Proposes Competitive Tendering for Energy Networks The Dutch Government wants to introduce competitive tendering for network expansion in the energy sector (gas and electricity). Under the current Electricity Law, construction of networks is the exclusive task of network operators. However, the Government regards this as undesirable, and argues that competitive tendering is preferable, from the viewpoint of promoting optimal energy infrastructure. The new proposal still needs to be discussed in Parliament.
Het Financieele Dagblad, 14/7/00; http://info.minez.nl, 14/7/00

Romania: Moves toward Energy Liberalisation ANRE, the Romanian energy market regulator, has granted electricity supply licenses to two generating companies in a further move towards liberalisation. SET Govora (thermal generation) and Hidroelectrica (the hydro arm of national utility CONEL) also join three other trading companies in competing to supply eligible customers. At the beginning of the year, ten companies were granted eligible status; twenty more have now applied.
Power in East Europe, 30/06/00; East European Energy Report, 20/7/00

Spain: The Spanish Electric Companies Cleared of Colluding to Increase Pool Prices Following an investigation of the companies' bidding in the first months of this year, the CNE (Comisión Nacional de la Energía) concluded that there was no evidence that the Spanish electricity companies had colluded to increase pool prices. The study found that the high prices were associated with the low level of hydro reserves, high oil prices, demand growth, and nuclear plant stoppages for refuelling.
ABC, 17/7/00

Spain: Repsol and Cepsa Receive Most New Petrol Stations Licenses So Far The two biggest Spanish petrol companies, Repsol and Cepsa, which control 65% of petrol distribution in Spain, have received from the Ministry of Public Works most of the 8 new petrol stations licences awarded so far. The Government will award 55 new petrol station licences in total over the next few months. The latest awards come after a Government decree that sought to limit the growth of these companies.
Expansión, 13/7/00

Spain: Financial Securities Authority Investigates Agreement between Electrabel and TXU The Spanish Financial Securities Authority, CNMV (Comisión Nacional del Mercado de Valores), is seeking to determine whether Electrabel and TXU have increased their stakes in Hidroeléctrica del Cantábrico (HC) as part of a jointly-planned operation to gain control of HC. These companies control 29.16% of HC's shares. Such action would violate Spanish securities regulations that force companies to issue a take-over bid when an "entity" (either a company or a coordinated group of companies) owns more than 25% of another company. TXU denies the existence of any such agreement with Electrabel.
Expansión, 5/7/00

NORTH AMERICAN NEWS

US: Three More Join Midwest ISO The Board of Directors of the Midwest Independent Transmission System Operator, Inc., unanimously approved three new applications for membership to the ISO yesterday. Joining the Midwest ISO as transmission owner members are Wisconsin Public Service (WPS) Resources Corporation of Green Bay, Wisconsin, and American Transmission Co., LLC of Milwaukee. Independent Power Producer Calpine Corporation of San Jose, CA, joined as a non-transmission owner member, bringing to 23 the number of non-transmission owners who have joined the MISO.
PRNewswire, 28/7/00

US Summer 'Peak' Power Creates Niche but Costly Stop Gap Tight supplies of electricity on the U.S. grid this summer may have opened a lucrative market niche for "peaking" power plants to help utilities avoid blackouts, but at a cost to consumers and possibly the environment. It is not unusual for peaking power to fetch as much as 100 times the price of "baseload" electricity in spot power markets on a summer afternoon when blistering heat meets dwindling supplies.
Reuters, 28/7/00

US: California Officials, Specialists Discuss Regulating Electricity Industry As a result of the blackouts that hit the Bay Area in June and more recently the doubling of electricity prices in

San Diego, lawmakers, consumer advocates and other energy specialists are now suggesting that the system needs to be "re-regulated." Legislators are scheduling hearings for as soon as next week. The proposals they are expected to address range from imposing more government control over energy prices to having utility companies buy back the very power plants they've been forced to sell off over the last few years.
San Jose Mercury News, 28/7/00

US: FERC Issues Flurry of New Decisions In its last formal meeting before its annual August break, the FERC took several far-reaching actions on electric power issues. The commission ordered its staff to undertake a seminar investigation of bulk power markets designed to provide FERC members with information as to whether power markets are working effectively and, if not, what is causing any problems. The FERC also reversed a previous decision and granted Southern California Edison the full 11.6 % rate of return on equity that the company had originally requested.
The Electricity Daily, 28/7/00

US: $1,000/MWh Bid Caps for New England and New York
The Federal Energy Regulatory Commission granted in part NSTAR's request for bid caps of $1,000/MWh for energy and automatic generation control in the New England market. The caps are limited to OP 4 conditions and will expire on 31 October 2000. (OP 4 conditions occur when NEPOOL resources are insufficient to meet anticipated load plus operating requirements. When OP 4 conditions are in effect, the ISO must take all bids in the energy market.) The caps will not apply to ISO-NE's emergency purchases from external resources, but these purchases do not set the clearing prices. In a second order, the FERC imposed a $1,000/MWh bid cap until 28 October in the energy markets of the New York ISO.
DM&H Energy Insights, 28/7/00; Reuters, 26/7/00

US: Dept of Justice Looks at Nepool and ISO-New England under Antitrust Law The Justice Department has opened a preliminary investigation into possible antitrust violations by generators participating in the New England Power Pool (Nepool) and ISO-New England, following complaints by Central Maine Power (CMP) and Bangor Hydro-Electric about irregular behaviour in the ISO's installed capability (ICAP) auction market.
Megawatt Daily, 26/7/00

US: New 'B2B' Seeks to Ease Transmission Scheduling Across Multiple Grids A group of four major investor-owned utilities announced a business-to-business ("B2B") exchange that could make it easier to reserve and schedule transmission capacity across multiple grids. The initiative provides a market-driven response to federal

regulators' concerns that the current industry system for tracking grid information and reserving transmission capacity needs to be modified and standardized. American Electric Power, Carolina Power & Light, Duke Power and Unicom Corporation said they are developing a B2B transmission exchange that will allow industry players to consolidate the multiple transactions they now make on two or more Open Access Same-Time Information System ("OASIS") sites. OASIS sites are maintained by transmission owners and display information about transmission availability, among other things.
Electric Utility Week, 24/7/00

US: CP&L Energy, Duke Energy and SCANA Corporation to Propose Regional Transmission Organization CP&L Energy, Duke Energy and SCANA Corporation have proposed the formation of an independent regional transmission organization (RTO) in compliance with the Federal Energy Regulatory Commission's Order 2000. The proposed RTO is to be known as GridSouth and would be responsible for operating and planning the transmission systems of the three companies. Initially, the three utilities will continue to own their existing transmission networks, while the RTO will assume broad operational and planning responsibilities to ensure open and non-discriminatory access to the grid.
PR Newswire, 18/7/00

US: Blackout Fears Prompt California PUC to Order IOUs to Develop DSM Programs Acting to avert potential blackouts this summer, the California Public Utilities Commission directed the state's three investor-owned electric utilities on 6 July to implement immediate energy efficiency programs to reduce peak energy demand. The Commission acknowledged that California faces a serious energy supply shortage due to a steady growth in demand for electricity coupled with a lag in the construction of new power plants. The PUC cited forecasts by the California Energy Commission indicating that the state's energy demand and supply may be chronically out of balance.
Electric Utility Week, 17/7/00

US: CP&L, Florida Progress Win Merger Approval on RTO Commitment A commitment to join a regional transmission organization (RTO) helped CP&L Energy and Florida Progress win FERC approval of their proposed merger. In a deal first announced in August 1999, CP&L Energy, a temporarily named holding company that includes Carolina Power & Light, will acquire Florida Progress, parent of Florida Power, for about US$5.3 billion in cash and stock, plus assumption of Florida Power's debt. Florida Power will operate as a wholly owned subsidiary of CP&L Energy.
Megawatt Daily, 16/7/00

US: Massachusetts Regulators Let Utilities Charge Default Rates Based Upon Wholesale Bids Massachusetts utilities will no longer be forced to charge below market prices for default service and have been directed to base these rates on wholesale bid prices beginning 1 January 2001. Utilities had complained to regulators that they would not procure wholesale power below the prices they are required to charge (3.8 US cents/kWh to 4.5 US cents/kWh). As a result, they were losing money on the growing number of default service customers.
Electric Utility Week, 10/7/00

US Appeals Court Uphold FERC Rule Nixing Wires Charge for Stranded Costs The U.S. Court of Appeals for the Washington, D.C. Circuit has strongly upheld a Federal Energy Regulatory Commission (FERC) ruling that Central Vermont Public Service may not use a surcharge on its transmission rates to collect stranded costs from the retail customers of its Connecticut Valley Electric subsidiary in New Hampshire. The court said that FERC had correctly ruled in the case that its Order 888 did not permit utilities to recover stranded costs from retail customers of their wholesale customers and that exceptions to that principle did not apply.
Electric Utility Week, 10/7/00

US: Columbia Gas Transmission Proposes Original Capacity Auction System Columbia Gas Transmission Company, a subsidiary of Columbia Energy Group, has filed with the Federal Energy Regulatory Commission (FERC) an interactive, internet-based pipeline capacity auction process that will enhance its current open auction process. The new system will be similar to on-line natural gas commodity trading systems; Columbia will offer (via an electronic bulletin board) sales terms for all of its available capacity. If a customer accepts the terms for any portion of the quantity, the sale is immediate and binding.
PRNewswire, 7/7/00

US: Consumers Energy Files Securitization Application with Michigan Regulators Consumers Energy, the principal subsidiary of CMS Energy Corporation, has filed an application with the Michigan Public Service Commission (MPSC) to begin the securitization process for approximately US$473 million in qualified costs, in compliance with the State of Michigan's new electric industry restructuring law. Securitization is a common financing technique used in states that have enacted electric restructuring legislation. MPSC approval of the application will allow Consumers Energy to offset the earnings impact of the five percent rate reduction that was implemented for the utility's 1.5 million residential electric customers in June, as required by the new restructuring law.
PR Newswire, 6/7/00

US: FERC Issues Order 587-L The Federal Energy Regulatory Commission (FERC) has set a deadline of 1 November 2000 for pipelines to allow netting of transportation imbalances across multiple contracts and trading of imbalances with other shippers. These changes were initially adopted under Order 587-G, but the FERC postponed implementing them until the Gas Industry Standards Board (GISB) proposed technical standards.
Foster's #2292, page 21, 6/7/00

Delaying Restructuring in Ontario, Officials Warn of Muni Rate Hikes Ontario officials have acknowledged that their goal of implementing full wholesale and retail competition in November was overly ambitious and that market participants will need another few months to fully prepare themselves for customer choice. Ontario's Ministry of Energy, Science and Technology is also recommending corrective action to protect municipal-utility customers from excessive rate hikes as competition is put in place.
Electric Utility Week, 10/7/00

New Government in Mexico Plans Greater Opening of Energy Sector Mexico's President Elect, Vincente Fox, and his party claim that they are committed to opening the state-controlled energy sector. Fox claims that the reform of the energy sector is a top priority. However, officials note that the opening of the industry does not signal privatisation.
Reuters, 12/7/00.

The CRE Approved the Largest Self-Supply Project in Mexico The Comision Reguladora de Energía (CRE) granted permits to Ispat, an Indian steel company, to go ahead with two self-supply generation projects with a capacity of 930 MW. This will be the largest project of its kind in Mexico to date. These projects will be in operation by 2003 and will be built in Medellín de Bravo, Veracruz.
CRE, 10/7/00

CENTRAL AND SOUTH AMERICAN NEWS

Argentina-Brazil Interconnection ABB, the Swiss-based technology firm, will build a 490km transmission link connecting northern Argentina with southern Brazil. This is the second phase of a 1,000 MW power transmission interconnector between Argentina and Brazil. CMS Energy Group announced its intention to export power from its generators in Argentina to southern Brazil.
Power in Latin America, 25/7/00

Brazil: Decree for Small Co-generators The Brazilian Government is preparing a decree that would set standard natural gas prices for thermoelectric and small-scale cogeneration plants.

The main objective of the decree is to guarantee natural gas supply at competitive prices to companies that invest in cogeneration projects of up to 30 MW.
Business News Americas, 12/7/00

Chile: Electricity Sector Vertical Integration Bill The Chilean lower house sent an electricity sector vertical integration bill back to the Mines & Energy Commission for modifications. The objective of the bill is to prevent any group from obtaining simultaneous control of, or decisive influence in, generation, transmission and distribution companies.
Business News Americas, 13/7/00

Venezuela: Private Oil and Gas Sector Operator Companies The Venezuelan Oil Chamber has presented a proposal to the Government to promote the formation of local operating companies in the oil and gas sector. Under the proposal, companies would sign contracts directly with the Republic for a license, under which the risks and responsibilities for the exploration, development, production and sale of hydrocarbons would fall on private companies. The areas given to private companies will be marginal fields controlled by PDVSA, the state oil company.
Business News Americas, 21/7/00

ASIA-PACIFIC NEWS

New South Wales: Final Decision on AGL Gas Network's Third Party Access Proposal The Independent Pricing and Regulatory Tribunal of NSW (IPART) has issued its final decision on the Access Arrangement for AGL Gas Networks (AGLGN). The Tribunal has sought amendments to the terms and conditions for transportation on the gas distribution network proposed by AGLGN. In its final decision, the Tribunal concluded that a reduction in real network revenues of 7.5% between 1999 and 2004 will provide an appropriate balance between the interests of customers and AGLGN. This reduction compares with the 9.8% real increase sought by AGLGN. IPART stated that its "final decision would see average network charges fall substantially for contract market customers and increase below inflation for tariff market customers." IPART has not accepted AGLGN's proposed rate of return on assets, and believes a return of 7.75% (real pre-tax) is more appropriate and consistent with other regulatory decisions. IPART has set the initial capital base at 1 July 1996 at A$1,550 million (US$917 million). IPART anticipates the Access Arrangement will commence by end-September 2000.
www.ipart.nsw.gov.au/press/Pr00-11.html 21/7/00

Western Australia: Final Approval of the AlintaGas Revised Access Arrangement The Independent Gas Pipelines Access Regulator of Western Australia has approved an Access Arrangement for the Mid-West and South-West Gas Distribution Systems. AlintaGas, had submitted a proposed Access Arrangement in June 1999 under the National Third Party Access Code for Natural Gas Pipeline Systems (the Gas Code). The Gas Code sets out the regulatory framework and the requirement for reference tariffs for all regulated gas pipeline service providers. The regulator decided not to approve that proposed access arrangement in its existing form. The regulator required AlintaGas to re-submit the Access Arrangement incorporating forty-four amendments specified in the final decision, including those related to terms and conditions, and to the reference tariffs. Subsequently, AlintaGas has resubmitted a revised Access Arrangement, which the regulator approved on 18 July 2000.
http://www.offgar.wa.gov.au/register 18/7/00

South Australia: Amendments to the State Regulatory Framework On 29 June 2000, the South Australian Treasurer proposed changes to the South Australian Electricity Pricing Order (EPO) published on 11 October 1999. The EPO, written in the run up to privatisation, specifies the regulatory framework for the major SA electricity assets. There are twenty-three variations in total to the original document, largely to correct errors in the way the formulae were written. The variations are intended to ensure that the EPO delivers its originally expected outcomes. Amid speculation that it benefited most from the errors, AGL (which bought SA retail business ETSA Power earlier this year) indicated on 30 June that it would not pursue any legal action over the technical amendments, on the assumption that they delivered the intended outcomes.
Fortnightly South Australian Independent Industry Regulator News, 5/7/00; The Australian Financial Review, 30/6/00

India: Several SEBs Prepare for Reform The government of the northern state of Rajasthan has issued a notification bringing the Rajasthan Power Sector Reforms Act into operation. The Rajasthan State Electricity Board (RSEB) has been unbundled on the lines of previous reforming Indian states. Generation, transmission and distribution have been allotted to separate companies, with regulatory functions being assigned to an independent regulator. The new companies will begin to operate in the near future. The regulatory commission is already functional.

The state of Delhi is preparing to implement similar reforms and a draft bill will be introduced in the state legislative assembly in the next few weeks. Meanwhile the state of Madhya Pradesh hopes to

unbundle the Madhya Pradesh Electricity Board (MPEB) in 18 to 20 months. MPEB will be split into generation, transmission and distribution companies.
Global Private Power, 21/7/00

Thailand: Partial Privatisation to be Completed by 2003 The Electricity Generating Authority of Thailand (Egat) plans to complete the process of corporatisation and to partially privatise its non-hydro power plants before 2003 - the year in which a new power pool, the centre piece for reform, is due to come into existence. However some Egat executives voiced concern that the 2003 target date might not be achievable, given the necessary legal changes. Egat sees 2004 as more realistic.
Power in Asia, 20/7/00

South Korea: Government's Privatisation Policy May be Losing Momentum Due to a volatile won-dollar exchange rate and unfavourable stock market conditions, the privatisation plans for Korea Electricity Power Corp (Kepco) and Korea Gas Corp (Kogas) are likely to be postponed. The Ministry of Commerce, Industry and Energy has announced it no longer intends to sell off Kepco in total by 2002. Instead, the Ministry will sell one of the five subsidiaries of the company as a test for further privatisation and complete the sale of remaining subsidiaries by 2009.
International Gas Report, 20/7/00

Vietnam: Delay in Power Price Reform The Vietnamese government has postponed its plan to raise electricity retail tariffs in July as part of its electricity sector reform programme. At present, electricity prices are heavily subsidised and the state owned electricity utility, Electricity Vietnam (EVN), is unable to cover operating costs or undertake capital investment without subsidies.
Asia Gas Report, 25/7/00

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