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November 2000

EUROPEAN NEWS

Great Britain: OFGEM Issues Final Proposals for Regulatory Accounts The Energy regulator, OFGEM, has issued final proposals on regulatory accounting arrangements to apply from April 2001. It is proposed that regulatory accounts be: (1) prepared by licensed businesses subject to price caps; (2) based on historical cost accounting principles but including an estimate of the regulatory asset value [which is normally calculated after indexation for inflation]; (3) be straightforwardly reconciled with statutory accounts; (4) be subject to more rigorous audit; and (5) be published annually with more information and narrative.
OFGEM website, www.ofgem.gov.uk 29/11/00

Great Britain: Preparations for NETA Continue Following the confusion over the launch date of NETA during October, the energy regulator OFGEM has published a series of 'readiness indicators' to be applied to the individual components of NETA to enable the Secretary of State to make an informed decision on whether to 'go-live'. Work is aiming at a launch date of 27 March 2001, which will be confirmed in January. In addition, the regulator has extended existing arrangements for the Scottish wholesale electricity price (and other arrangements including top up and spill charges and generator charges into Scotland) until the introduction of NETA or 31 March 2001, whichever is earlier.
OFGEM press releases, 29/11/00, 28/11/00, 21/11/00

Great Britain: Regulator Reports on Transco Price Review OFGEM, the energy regulator, has reported on the price controls to apply to Transco from April 2002. Transco had stated its desire to have individual price controls for each of its 12 local distribution zones (LDZs) as well as its high-pressure national transmission system (NTS). However, the regulator is concerned that there is insufficient time to introduce such a regime. OFGEM therefore proposes a single price control for all the LDZs, in addition to a price control for the NTS.
OFGEM press release, 20/11/00

IN THIS ISSUE

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

Great Britain: Government Lifts Restrictions on New Gas-Fired Power Stephen Byers, Secretary for Trade and Industry, lifted the Government's "stricter consents policy" on the building of new gas-fired power stations. The policy was imposed originally to protect coal-fired power stations. Approval was immediately granted for six new gas power stations with a combined capacity of 4.8GW. The moratorium had been expected to stay in place until the introduction of NETA but was brought forward when the European Union gave the go-ahead for a £110 million (US$156 million) state subsidy for the coal industry.
DTI press releases, 15/11/00; Utility Week, 24/11/00

Great Britain: Regulator Consults on Gas Licence Application Regulations Energy regulator OFGEM is consulting on new application procedures for licences for gas transporters, shippers and suppliers. The Utilities Act 2000 put an end to geographical exclusivity in gas transportation, so licences will now cover all of Great Britain and will require new application procedures.
OFGEM press release, 13/11/00

Great Britain: Regulator Reports on Separation of Electricity Supply and Distribution Energy regulator OFGEM published a six-month progress report on the separation of electricity distribution and supply businesses, which became necessary after licence conditions were amended in April. The regulator reported that PESs are achieving most of the targets set out in their plans for separation but that there is notable variation in the pace of change across the PESs. ScottishPower and Scottish & Southern Energy (both vertically integrated) and Infralec (responsible for South Wales) were highlighted as having the most to do.
OFGEM press release, 6/11/00

Great Britain: OFGEM Asks Transco for More Information, to Promote Gas Competition Energy regulator OFGEM is proposing to introduce a special licence condition requiring the gas pipeline operator, Transco, to provide more information to customers to facilitate greater competition. This will include ensuring (1) domestic customers can acquire the name of their supplier; (2) that industrial and commercial customers can access transportation data about their sites; and (3) that property owners, developers and pipeline installation contractors can see schematic diagrams of the local gas network.
OFGEM press release, 3/11/00

Great Britain: Regulator Argues the Case for Market Abuse Licence Conditions Energy regulator OFGEM made its final submission to the Competition Commission's inquiry into the introduction of a "market abuse licence condition" into British Energy's and AES's licences. The regulator highlighted the potential

for participants to abuse the market in the final months of the Electricity Pool and under NETA and argued for a licence condition focusing on the effects of behaviour rather than prohibiting a list of specific behaviour. The Competition Commission is due to report no later than 15 December.
OFGEM press release, 2/11/00

Croatia: Energy Price Liberalisation Croatia's economy minister has indicated that electricity, gas and oil prices will be liberalised as of 1 January 2001, allowing companies to increase prices to cover costs, improve liquidity and attract capital. Until then a "special authority", yet to be established, will supervise the liberalised market.
FT Energy East European Energy Report, 15/11/00, http://www.online.ftenergy.com

Germany: EU Commission Gives Green Light for Gas Tax Exemptions for CCGTs The EU Commission has agreed to a German Government proposal for a special exemption from the tax of 0.36 Pf/kWh levied on gas used for generating electricity. The exemption would last five years and would only be applicable to power stations commissioned after 31 December 1999 and before 1 January 2004. In addition, the exemption applies only to power stations with a thermal efficiency greater than 57.5%. The German government had originally applied for a ten-year tax exemption.
dpa 435 wi 221426 EU/ENERGIE, 22/11/00; www.strommagazin.de 23/11/00

Germany: VIK Index Remains Steady In October, the Germany-wide electricity price for industrial customers calculated on the basis of the Dow Jones/VIK index continued to be around 11.236 Pf/kWh.
ww.strommagazin.de 3/11/00

Netherlands: DTe Report on Yardstick Regulation of Power Purchase Costs DTe, the Dutch energy regulator, has published a report that described the method by which it intends to regulate the electricity purchase costs of licensed suppliers (the companies that have licences to sell power to non-eligible customers). In the report, DTe selects a cost-based, rather than a market-based, method of regulating purchase costs. It defines the yardstick as the average electricity purchase costs per kWh for protected customers in the Netherlands.
http://www.nma-dte.nl 24/11/00

Netherlands: Parliament Approves Transitory Act, With Modifications The Dutch Parliament has officially approved the Transitory Act for the electricity production sector, with modifications. Under the Act, the four Dutch producers get priority access to import capacity. According to the modifications, no single party may import more than 400 MW of electricity, and the four large producers will pay the same price for use of the high voltage grid as wholesale

customers. Parliament also accepted two motions: to commission an independent investigation into the possibility of increasing import capacity; and to make an additional 1,000 MW of import capacity available by 1 July 2002. The reservation of import capacity in the original Transitory Act was part of a "deal" with the electricity producers in which the State agreed to recovery of certain stranded costs and acquired a 100 per cent stake in TenneT (the transmission system operator).
Het Financieele Dagblad, 24/11/00, 16/11/00, 15/11/00, 7/11/00

Netherlands: DTe Sets Dates and Rules for Import Capacity Auction of Power DTe, the energy sector regulator, has set dates in November and December 2000 for auctions of electricity import capacity for 2001. Of the total existing amount of capacity of 3,900 MW, 2,100 MW is expected to be available for auctioning, as annual, monthly and daily contracts. DTe has also set the auction rules. To avoid speculation in yearly and monthly contracts, which are freely tradable, DTe has imposed a "use-it-or-lose-it" rule, whereby the contracted capacity is lost to the day-ahead auction if a trader does not actually use it. Daily capacity must be traded via the APX, the Amsterdam Power Exchange.
FT Energy International Gas Report, 23/11/00, http://www.online.ftenergy.com
Het Financieele Dagblad, 17/11/00; http://www.nma-dte.nl 16/11/00

Netherlands: Power Customers Angry About Transitory Act Five organisations representing industrial and domestic customers claim that the new Transitory Act for the electricity production sector (see news item above) will cost Dutch power sector customers an additional NLG 2,000 million (approximately US$ 800 million). They argue that the Act only reflects the interests of producers. Under the Act, a certain amount of import capacity is reserved for producers, and the customer organisations complain that customers cannot reap the benefits of full competition as a result. One organisation, VEMW, has already started a legal procedure against Sep, the umbrella organisation of the producers, and TenneT, the transmission system operator.
FT Energy International Gas Report, 9/11/00, http://www.online.ftenergy.com
Het Financieele Dagblad, 4/11/00

Netherlands: Bankruptcy Fears in Cogeneration Sector Cogen, the industry association representing owners of cogeneration plant, has requested financial assistance from the Minister of Economic Affairs. The association fears that cogenerators may otherwise go bankrupt, owing to high gas prices. Cogenerators cannot raise the price of their electricity, as a result of liberalisation in the power sector. Cogeneration accounts for 40 per cent of total installed capacity in the Dutch power sector.
Het Financieele Dagblad, 2/11/00

Slovenia: Gas Price Dispute Geoplin, Slovenia's gas company, is threatening to sue the Government over gas price increases automatically generated by the Government's pricing model. Geoplin says that after the 9 per cent increase given by the model, gas prices would not cover purchase costs, let alone pipeline costs, and that the increase should be around 18 per cent. Last year the company sued the Government over the same issue and won the case.
FT Energy East European Energy Report, 15/11/00, http://www.online.ftenergy.com

Spain: The Government is Reconsidering Securitisation of the "CTCs" The Government is considering a change in the way the "Costs of Transition to Competition" (CTCs) are recovered through the electricity tariff. The fixed charge on electric tariffs allocated to the CTCs (currently 4.5% of consumers' final electricity bills) would be eliminated. The amount that was recovered each year through that fixed charge would instead be a variable amount inversely related to the wholesale electricity market price. In addition, if the annual average price rose higher than the 6 pesetas/kWh (3.00 US cents) used originally to calculate CTCs, the total amount to be recovered would be reduced accordingly. The average wholesale price since January 2000 stands at 6.7 pesetas/kWh (3.35 US cents).
Expansión, 29/11/00; El País, 29/11/00; ABC, 23/11/00

Spain: The Government Insists on Electricity Tariff Reductions The Ministry of Economy, Rodrigo Rato, confirmed that Government plans foresee a 9% tariff decrease over the next three years. This percentage reduction was defined, in the package of liberalisation measures approved a few months ago, as the maximum reduction that could be applied to electricity tariffs over the next three years. At the same time, the electricity companies are asking for a 3% increase in tariffs next January to compensate for ~~an~~ the increase in the costs of supply. The companies warned the government that they will not invest in Spain if tariffs are set too low to allow for cost recovery.
Expansión, 27/11/00

Spain Will Close Down Electric Plants in the Next 10 Years
Twelve thermal generating plants, mainly coal-based, will cease production within the next ten years to abide by European environmental regulations aimed at reducing pollution. Some other plants affected by the environmental limitations will be converted into less-polluting plants. The closure and restructuring costs are estimated at approximately 300,000 million pesetas (US$1,500 million) and will be financed by the electricity companies.
Cinco Días, 22/11/00

NORTH AMERICAN NEWS

US: New York Regulators Approve Merger of Con Ed and Northeast The New York Public Service Commission on Tuesday approved the merger of Consolidated Edison and Connecticut-based Northeast Utilities, but put new profit limits on the electricity distribution powerhouse stretching from New Hampshire to New York. Last year, Con Ed agreed to pay US$3.29 billion in cash and stock for Northeast Utilities. Including the assumption of debt, the total increases to US$7.5 billion. In approving the merger, New York regulators set a limit on the amount of profit the company can make. In the event of price spikes, as seen this summer, the company's take of the profits will drop to 35%, with 65% going to easing customer prices. Normally, the split is 50/50.
Reuters, 28/11/00

US: Clean Air Rules Put Power Crunched California in Worse Winter Trouble As the state heads into a cold season, California's marketplace is now facing an almost classic problem – environmental requirements coming up against power supply needs. Several companies have shut down plants in response to violation notices for exceeding emissions limits this past summer. There is concern that capacity losses may threaten reliability this winter.
Electric Utility Week, 27/11/00

US: Southern California Edison Follows PG&E's Lead and Files Suit to Recover Purchased Power Costs Following on the heals of Pacific Gas & Electric, Southern California Edison filed a federal lawsuit against the California Public Utilities Commission to recover over US$2.6 billion in uncollected power purchase costs from ratepayers once its rate freeze ends.
Electric Utility Week, 27/11/00

US: Pacific Gas & Electric's Plan for Selling its Hydro Assets Takes Two Steps Backward Pacific Gas & Electric's quest to settle its controversial hydropower divestiture case took two turns for the worst, as California regulators issued a harsh environmental report on the asset sale and PG&E itself backed out of a settlement that could have resolved the case altogether.
Electric Utility Week, 27/11/00

US: Power Alerts Hampering California Power Market as Problems Continue Serious troubles continue for the deregulated electric markets on the West coast. In California, November has been filled with power alerts caused by outages of generating plants with about 12,000 MW of capacity, which forced the independent grid operator (Cal-ISO) to ask customers for voluntary demand reductions as reserve margins dropped below 7%. At the same time, natural

gas prices spiked, according to power generators, as supplies grew tighter.
Utility Spotlight, 27/11/00

US: PG&E Proposes Huge Increase in 5-Year Consumer Rate Plan, Hoping to Recover Unforeseen Power Costs Pacific Gas and Electric Co. proposed a five-year "rate stabilization plan" that would allow the utility to pass along to customers more than US$3 billion in unforeseen power costs incurred during the summer. Under PG&E's plan, average residential bills of US$54.50 would increase to about US$63.50 a month as of 1 January 2001. This amount is intended to accommodate potential wholesale price spikes after an existing rate freeze ends by early 2002. But a portion of the increase also would contribute towards the US$3.4 billion in unforeseen charges that PG&E insists are not the utility's responsibility.
The San Francisco Chronicle, 23/11/00

US: California Adopts Emergency Regulations for Fast-Track Power Plant Licensing The California Energy Commission adopted emergency regulations for fast-track licensing of new power plants and upgrades of older generating units, as required by a new state law aimed at increasing the state's generation capacity and power supply. The legislation aims to overcome a glaring statewide power supply shortage which critics have blamed for driving up wholesale power prices this summer.
Electric Utility Week, 20/11/00

US: FERC Finds Transmission Troubles Vary by Region In part two of its investigation into bulk power-markets, FERC found that inefficiencies in the transmission market varied from region to region, in its review of the Northeast, Midwest, Southeast, and the Electric Reliability Council of Texas (ERCOT). For example, the Northeast is entirely composed of ISOs and the Midwest and Southeast are currently traditional bilateral markets dominated by vertically integrated systems, the FERC report says. FERC believes that basic decisions about the regulatory model need to be decided so that the industry can complete the transition from traditional cost-of-service model to a model that uses markets to price commodity and services.
Transmission Week, 20/11/00

US: San Diego-Area Residents Receive Temporary Rate Reductions San Diego County residents (who are still smarting from last summer's tripling of their electricity bills) are this week receiving refunds that result in zero balances or even credit balances. Assembly Bill 265, enacted in September, ordered a refund, retroactive to 1 June, of any charges for electricity that exceeded a new rate, fixed at 6.5 cents per kilowatt hour. When state-mandated

credits are exhausted and bills return to normal, the average household in North County will pay US$71.24 per month under the new rate cap. So even with legislated "rate relief," the typical bill will be 22% more than the average bill for this time last year of US$58.60.
North County Times, 17/11/00

US: Oklahoma Gets Cold Feet on Deregulation Oklahoma Attorney General Drew Edmondson asked the state Senate to postpone the July 2002 deadline for deregulating Oklahoma's electricity market in light of power market problems and high prices in deregulated states such as California, New York and Montana.
NGI's Daily Gas Price Index, 16/11/00

US: Ameren Becomes the Third Recent Defection from the Midwest ISO Following several defections from the Midwest Independent System Operator, Ameren Corporation announced it will pull out of the MISO and become a member of the Alliance Regional Transmission Organization (RTO). The action closely follows recent announcements by Illinois Power and Commonwealth Edison that they are withdrawing from the MISO.
Electric Utility Week, 13/11/00

US: Concerned About Transmission Capacity Hoarding, Michigan Public Service Commission Orders Evaluation Concerned that some companies operating in Michigan may be locking up transmission capacity in order to obtain a competitive edge in the retail open access market, the Michigan Public Service Commission has ordered Consumers Energy, Detroit Edison and Indiana Michigan Power to file reports on their near-term generation and transmission capacities for 2001.
Electric Utility Week, 13/11/00

US: Utility Rate Cuts Fail to Materialize after Deregulation in Massachusetts Two and a half years after a landmark industry restructuring law took effect, rates in Massachusetts are on the verge of jumping for many customers by 10% or more, with some Massachusetts Electric customers facing a 68% increase in the cost of power. But supporters, such as state energy resources commissioner David O'Connor, say the law has actually saved business and residential consumers US$1.5 billion — and current rate increases would be that much worse if the law had never taken effect.
The Boston Globe, 10/11/00

US: New Angle to PG&E Bid to Raise Rates Pacific Gas and Electric Co. has asked a federal court for permission to raise consumer energy bills US$3.4 billion to offset losses the company suffered this summer when wholesale power rates soared to record highs. In the complaint, the utility said that it has accumulated so

much debt during the past few months that it “threatens serious financial consequences.” That in turn endangers “the security of vital electric supply” for California.
The San Francisco Chronicle, 9/11/00

US: FERC Streamlines Utility Company Merger Process The U.S. Federal Energy Regulatory Commission (FERC) approved new rules to streamline the regulatory process for public utility company mergers. The new final rule includes the following provisions: revised filing requirements to reflect existing merger policy based on the commission’s 1996 Merger Policy Guidelines; more detail for the industry in developing competitive market analyses; streamlined filing requirements for transactions that do not raise competitive concerns; and reduced regulatory burden by eliminating outdated filing requirements.
Reuters, 8/11/00

US: FERC Extends New York ISO Price Bid Cap The U.S. Federal Energy Regulatory Commission (FERC) voted to extend indefinitely an existing price bid cap for the New York Independent System Operators 10-minutes non-spinning reserve markets. The FERC order also called on the NYISO to conduct a technical conference for addressing and correcting the market’s flaws.
Reuters, 8/11/00

US: NERC Warns of Strains on Transmission Grid Generation supplies will be “satisfactory” during the next few years, but the nation’s transmission grid is showing increasing signs of strain, according to the North American Electric Reliability Council’s (NERC) annual assessment of reliability. NERC’s Reliability Assessment 2000-2009 found that in the near term, through 2004, projected capacity additions will far exceed expected increases in demand.
Megawatt Daily, 7/11/00

US: Skeptical of Market Prices, Montana Commission Seeks to Delay Customer Choice Until 2004 Montana regulators want to postpone for two years, until 1 July 2004, moving to customer choice for residential and small power users. They want to wait until they can be sure the market will provide firm supplies at an affordable price.
Electric Utility Week, 6/11/00

US: Illinois Commission Chair Says Prospects for Deregulation in State Are Dim Prospects for robust retail market activity in Illinois have declined over recent months, or at best have substantially levelled off, according to a report issues by the Chairman of the Illinois Commerce Commission.
Electric Utility Week, 6/11/00

US: Milwaukee-Based Utility Balks at Recommendation to Sell Plants Wisconsin Energy Corporation voiced strong opposition to a recommendation in a state-commissioned study that it sell some of its power plants in order to protect consumers. A divestiture of company generating plants is out of the question, the company says. The study, commissioned by the Wisconsin Public Service Commission and released earlier this week, also found that consumers could not benefit from deregulation unless substantial improvements are made to the state's electricity transmission system.
Milwaukee Journal Sentinel 3/11/00

US: FERC Report Says Markets Seriously Flawed Relying heavily upon a staff investigation into the behaviour of California's electricity market over the past summer, the Federal Energy Regulatory Commission (FERC) issued its much-anticipated report in early November. The FERC concluded that the state's wholesale market structure and rules have caused, and continue to have the potential to cause, unjust and unreasonable rates for short-term energy. Fixes outlined by FERC include a "soft-cap" of US$150/MWh, a large percentage of forward contracts and an overhaul of the boards of the California Power Exchange and California Independent System Operator.
California Energy Markets, 3/11/00

US: Puget Sound Energy Asks FERC for Fair Regional Treatment on Electricity Price Caps In a complaint filed with the U.S. Federal Energy Regulatory Commission, Puget Sound Energy has requested federal regulators to impose uniform price caps on sellers of wholesale electricity in both the California and Pacific Northwest power markets. The complaint alleges that price caps set only in California without the same applied in the Pacific Northwest would result in California buying Pacific Northwest power at artificially low prices when they needed it and Pacific Northwest customers paying higher costs when the need is reversed.
Business Wire, 2/11/00

US: California ISO Revises Price Cap Formula The California Independent System Operator's board of governors narrowly approved a plan for variable price caps which are adjusted to reflect the amount of demand and the level of natural gas prices.
Reuters, 30/10/00

US: California Officials Investigate Electric 'Megawatt Laundering' While investigating this summer's stunning spike in electricity prices, California state authorities have heard stories about a curious phenomenon: On days when the weather is hot, batches of power generated in California are sold to other states. A little later in the day, similar amounts of power are sold back to California — but at much higher prices. The question is, is it the same power? If

so, that could be "megawatt laundering" — a multi-company conspiracy to evade California's wholesale price cap, which covers power generated in California but not power sold into California from elsewhere.
San Jose Mercury News, 30/10/00

US: Western Utilities Propose to Combine Transmission Assets Sierra Pacific Company and five other regional utilities have proposed merging their electricity transmission assets into an independent company to meet federal deregulation requirements. Called TransConnect, it would be a for-profit operation that would own or lease the utilities' transmission facilities across Nevada, Oregon, Washington and Montana and parts of Idaho and California. TransConnect's other partners are Avista Corporation, Portland General Electric, Montana Power Company, Puget Sound Energy, and Nevada Power Company.
Reno Gazette-Journal, 18/10/00

Canada: Alberta Caps Electricity Rates for One Year The Alberta government, fighting a public backlash against its power industry deregulation plan, froze electricity rates for residents across the province for a year amid surging prices. Alberta has led the nation in deregulating its power sector, which is due to be fully opened to competition on 1 January 2001. Consumer groups and opposition politicians have complained that the moves opened the door to high power costs.
Reuters, 28/11/00

Mexico: New Government Commits to Make Energy Reform
The new government of Vicente Fox, who will take office on 1 December, submitted the draft of a bill to reform the energy sector to all the political parties represented in Congress. According to Juan Bueno, the head of the power's sector reform team, the reform is based on a change to articles 27 and 28 of the Constitution, to allow private investment in the sector. It also introduces competition in the generation market and strengths the powers of the Energy Regulation Commission (CRE) to regulate the monopolistic Federal Electricity Commission (CFE). The project has many similarities with the bill presented last year by the government of president Zedillo. However, last year the debate in the Congress was postponed because of the electoral process.
ECountries 26/10/00; http://www.elfinanciero.com

CENTRAL AND SOUTH AMERICAN NEWS

Brazil: ANEEL Defined the Basic Transmission Network The Energy and Electricity Regulator, ANEEL, formalized the definition of the basic transmission network. Henceforth, it excludes lines and equipment operating under 230 kV. The regulator expects this definition to favour competition. It also undertook a study to cut transmission rates.

Business News Americas, 13/11/00

Chile: AES Bids for 80% of GENER AES, the US based Power Corporation, issued a tender offer for 80% of the outstanding shares of GENER, the second largest electricity producer in Chile. The bid was made after the French oil firm TotalFinaELF was expecting GENER shareholders to approve its acquisition of a 20% stake in the company. The offer of AES is contingent on non-completion of the deal with TotalFinaELF.

Ecountries, 7/11/00; El Mercurio, 24/11/00

ASIA-PACIFIC NEWS

Australia: South Australian Vesting Contracts to Stand A draft determination of the Australian Competition and Consumer Commission (ACCC) proposes not to revoke the current South Australian electricity vesting contracts. Vesting contracts are a form of hedging contract that the state governments established between generators and retailers prior to privatisation. AGL SA, which bought the retail business, had applied to the ACCC for the authorisation to be amended to include certain additional conditions and to amend one of the vesting contracts. In response to criticisms that the original authorisation conditions might have differing interpretations, the ACCC's draft determination explains the ACCC's view of the conditions.

www.accc.gov.au 27/11/00

Australia: Waiver of Ring Fencing Obligations for Western Australian Pipeline The gas access regulator in Western Australia has made a final decision on the application for waiver of certain ring-fencing obligations, lodged in respect of the Turbridgi Pipeline System. The obligations required: (1) a pipeline service provider not to carry on a Related Business; (2) that marketing staff of a pipeline service provider not be employed by an Associate; and (3) that employees of a pipeline service provider not be marketing staff of an Associate. The regulator stated that he will grant a waiver for the obligations. This is a turnaround from the draft decision where he indicated that he would not issue the waiver.

Western Australia Office of Gas Access Regulation Press Release, 21/11/00

Australia: NSW Regulator has Expanded Role The NSW state regulator, the Independent Pricing and Regulatory Tribunal (IPART), is now responsible for licensing and auditing functions for the NSW electricity, gas and water industries, in addition to its existing pricing functions. The NSW government will establish a Utilities Licensing Auditing Advisory Committee to advise IPART on licence compliance audits in the electricity and water industries.
www.ipart.nsw.gov.au 3/11/00

Australia: NCC Recommends De-Regulation of Queensland Transmission Pipelines The National Competition Council (NCC) has recommended that regulatory 'coverage' of three transmission pipelines in Queensland be revoked. If the recommendation is given approval, the three pipelines will not be subject to regulation under the National Third Party Access Code for Natural Gas Pipeline Systems. Pipeline owner/operators would then be removed from the obligation to grant access to third parties. The NCC has made this recommendation on the basis that it is not satisfied that regulated access to the pipelines would promote competition in another market or confer net public interest benefits. Promoting competition and public benefit are two of the criteria which an access application must pass for the NCC to recommend coverage.
www.ncc.gov.au 11/00

Australia: Performance Report on Victoria's Gas Businesses
The Victorian Office of the Regulator General (ORG) has released a report comparing the performance of the Victorian gas distribution and retail businesses during 1999. The report examines the performance of Victoria's three gas distribution businesses and three franchised retail gas companies. The aim of the report is to stimulate improved service performance by the businesses through *"competition by comparison"* and to inform customers about the level of service they receive. The report considers reliability, affordability and customer service standards for each business.
ORG media release, 31/10/00

China: Restructuring of Power Sector Under Way All the provincial power bureaux must complete the transfer of their administrative functions to the provincial economic and trade commissions by year's end. This separation of administrative and enterprise activities is intended to facilitate the entry of private capital into the companies and is part of the reform process intended to implement a competitive generation market.
FT Energy Global Private Power, 14/11/00, http://www.online.ftenergy.com

India: Delhi Government Spurs Privatisation The Delhi government has passed the Delhi Reforms Ordinance 2000, which will eventually need legislative approval. It enables reform of Delhi Vidyut Board (DVB) to push ahead without waiting for the state

legislature to pass enabling legislation. Under the scheme, generation and transmission will be split into Delhi Electricity Generation Company and the Delhi Electricity Distribution Company. Three distributors will also be set up and will be the first to be privatised, with transmission following later. Generation is not likely to be privatised in the foreseeable future.
FT Energy Power in Asia, 14/11/00, http://www.online.ftenergy.com

India: World Bank to Boost its Assistance to the Rajasthan Power Reform The Rajasthan government, which has broken up the Rajasthan Electricity Board into five different corporations, has secured an increase in the World Bank loan package for “good conduct” in the implementation of power sector reform. The government plans to keep control of the transmission company and to privatise the other four corporations.
FT Energy Power in Asia, 14/11/00, http://www.online.ftenergy.com

Turkey: Council of State Puts Stay on Tedas Voltage Levy
The Council of State has imposed a stay on Tedas’s attempts to improve its finances by raising a “voltage levy” on subscribers. The proposed levy was TL 500,000 (71 US cents) for residential subscribers, TL 5 million for industrial subscribers (US$ 7.10) and TL 2 million (US$ 2.84) for others. The Ministry of Energy is appealing this decision to the full Council of State. Tedas has long argued that it should be allowed to increase its residential tariffs: its industrial tariffs are already among the highest in Europe.
IBS Energy Line, 29/11/00

CONTACTS

National Economic Research Associates
15 Stratford Place
London W1C 1BE
United Kingdom
Tel: +44 (20) 7659 8500
Fax: +44 (20) 7659 8501
Contact: Graham Shuttleworth, David Hough

National Economic Research Associates
One Main Street
Cambridge, Massachusetts 02142
USA
Tel: +1 (617) 621-0444
Fax: +1 (617) 621 0336
Contact: Michael Tennican

National Economic Research Associates
60 Margaret Street
Sydney
NSW, 2000
Australia
Tel: +61 (2) 9375 0588
Fax: +61 (2) 9375 0585
Contact: Greg Houston, Rachel Goodyer

National Economic Research Associates
Antonio Maura 7
28014 Madrid
Spain
Tel: +34 (91) 521 0020
Fax: +34 (91) 521 7876
Contact: David Robinson, Oscar Arnedillo

NERA also has offices in:

Washington, DC
(+1) 202 466 3510
Cambridge, MA
(+1) 617 621 0444
Chicago, IL
(+1) 312 573 2800
Ithaca, NY
(+1) 607 277 3007
Los Angeles, CA
(+1) 213 346 3000
New York, NY
(+1) 212 345 3000
Philadelphia, PA
(+1) 215 864 3880
San Francisco, CA
(+1) 415 291 1000
Brussels, Belgium
(+32) 2 740 2140

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