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Global Energy Regulation

Reporting on energy regulation around the world

December 2001

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EUROPEAN NEWS

Great Britain: Regulator Publishes Access and Charging Principles for the Scotland-England Interconnection Energy regulator Ofgem has published proposals on the access criteria and capacity charges to apply on the Scotland-England interconnection up to 31 March 2002 and is consulting on the access criteria to apply after that date. Up to 31 March 2002, interconnector users will not pay an interconnection capacity charge for imports over new capacity, leaving exporters to meet the costs. Ofgem will review this charging methodology in the event of significant imports into Scotland or if significant secondary trading of interconnector capacity develops. Ofgem is consulting on whether the administered arrangements should be retained up to 31 March 2004, the target date for the implementation of BETTA (see below).

Ofgem website, 21/12/01

Great Britain: Government Rejects Regulator's Proposals for a "Good Behaviour" Clause The Department of Trade and Industry has rejected attempts by energy regulator Ofgem to introduce a "good behaviour" clause into the licence conditions of power stations. A letter from the DTI to Ofgem reported the conclusion of government ministers that it was "not necessary or expedient" to use their powers "to modify licence conditions." A previous attempt to introduce a similar clause was rejected by the Competition Commission in January 2001.

www.ft.com, 20/12/01

Great Britain: Regulator Finalises Electricity Distribution Companies' Quality Incentives Energy regulator Ofgem has published its final proposals for a quality incentive scheme to apply to electricity distribution companies from April 2002 to March 2005, as part of the Information and Incentives Project (IIP). The scheme has four main components: (1) a mechanism for penalising companies up to 1.75% of annual revenue for not meeting quality of supply targets; (2) a

Graham Shuttleworth, General Editor
Kristina Sepetys, US Editor
Greg Houston and Ann Whitfield, Australian and New Zealand Editors
Oscar Arnedillo, Spanish Editor

mechanism for rewarding outperformance of quality of supply targets; (3) a commitment to rewarding "frontier performance" in the next price control; and (4) a mechanism for rewarding (or penalising) companies for the quality of their telephone response.
Ofgem website, 19/12/01

Great Britain: Regulator Publishes Proposals on Guaranteed and Overall Standards for Independent Gas Transporters
Energy regulator Ofgem has published final proposals regarding the guaranteed and overall standards of performance to apply to Independent Gas Transporters (IGTs) from April 2002. The main differences between Ofgem's proposals for IGTs and those proposed for Transco is that there will be no standards of performance or incentive arrangements relating to planned interruptions, and performance against the standards will be measured on the basis of average performance over a three year period.
Ofgem website, 19/12/01

Great Britain: Regulator Changes Fossil Fuel Levy Rate
Energy regulator Ofgem has announced that from 01/04/02, the Fossil Fuel Levy is to be set to zero in England & Wales and reduced from 1.2% to 0.6% in Scotland. The Levy is used to compensate electricity suppliers for the additional costs incurred in complying with the Non Fossil Fuel Obligations in England & Wales and the Scottish Renewables Obligation in Scotland.
Ofgem press release, 18/12/01, 11/12/01

Great Britain: Regulator Finalises Proposals for Transco's System Operator Incentives Energy regulator Ofgem has published its final proposals for Transco's National Transmission System (NTS) System Operator (SO) incentives to take effect from April 2002. With regard to entry capacity, Ofgem's proposals require Transco to offer to sell 90% of baseline entry output measures through a series of auctions for long and short term firm, tradable capacity rights. When Transco invests to meet demand above the agreed baseline entry output measures, it will be able to earn a rate of return of up to 12.5% (compared to 6.5% allowed under the Transmission Asset Owner price controls). With regard to exit capacity incentives, Ofgem proposes to set targets for cost levels with Transco sharing in any under or over performance subject to specific caps and collars.
Ofgem press release, 14/12/01

Great Britain: Regulator Consults on Plans to Establish a British-wide Electricity Market Energy regulator Ofgem is consulting on its plans to introduce British-wide Electricity Transmission and Trading Arrangements (BETTA), by extending the New Electricity Trading Arrangements (NETA) from England and Wales to Scotland. Ofgem state that proposals will bring: (1) a single operator of the British electricity system; (2) a right of access, on fair

and competitive terms, to the Scottish transmission network; and (3) a single set of arrangements for the real time balancing of the transmission system and for settling the cost of balancing. Legislation will be required to implement BETTA and, therefore, it will not be possible to implement BETTA until 2004 at the earliest. In a separate consultation document, Ofgem proposes existing arrangements for administered Scottish Wholesale Pricing be retained until April 2004, Ofgem's target date for the implementation of BETTA.
Ofgem press release, 13/12/01, 12/12/01

Great Britain: Regulator Proposes New Incentives for NGC's System Operator Role Energy regulator Ofgem has published initial proposals for the National Grid Company's (NGC) System Operator (SO) role to take effect from April 2002, when existing arrangements expire. Ofgem is proposing to retain the principles of the current incentive scheme, in which NGC retains/is charged a proportion of system operation costs below/above target, until March 2003. Ofgem have presented two options for the cost target and sharing factors: (1) a higher cost target (£481m), with higher cost sharing factors; or (2) a lower cost target (£460m), with lower cost sharing factors. Ofgem expects to publish final proposals in February.
Ofgem press release, 13/12/01

Great Britain: Regulator Retains Enforcement Order on Transco Energy regulator Ofgem is to retain an Enforcement Order imposed on Transco in February 1999 prompted by the conduct of Transco's connection operations. The Order introduced standards of service in relation to connection operations and required Transco to report on progress. Although Ofgem states that Transco has made progress against the standards set, the regulator does not believe there is enough evidence to enable the Order to be removed.
Ofgem press release, 6/12/01

Belgium: One Regulator to End in 2003 The Belgian Government has announced the Committee for Control of Electricity and Gas (CCEG) will cease to exist on 1 July 2003. Belgium currently has regional regulators and two national regulators: the CCEG, which covers the non-competitive section of the market; and the Commission for the Regulation of Electricity and Gas (CREG), for the free market. The CREG will remain in place and will expand its activities to take over the non-competitive section of the market in September 2002.
Platts EU Energy, 20/12/01

Belgium: France-Belgium Electricity Capacity Auctions Halted Planned auctions for electricity interconnector access between France and Belgium have been halted by Belgian regulator CREG and the Belgium Minister for Energy. The two grid companies, Elia (Belgium) and RTE (France) had agreed to auction the first part

of capacity in November to coincide with the Belgium-Dutch auctions. However, consumer groups complained that the industry had not been consulted adequately on the new system and threatened legal action against the grid companies.
Platts EU Energy, 10/12/01

Belgium: Distrigas to Demerge in December Distrigas is to demerge into a trading company (Distrigas) and a transportation company (Fluxys). Existing shareholders will receive a share in each new company for each share in the existing company. Only 11.57% of Distrigas is listed on the stock market, and the remaining shareholders are Tractebel, Shell, Distrihold and Publigas. Fluxys will remain regulated as the monopoly transportation asset owner and operator, while Distrigas will deal with purchasing, sales, transit and international contracts.
Platts EU Energy, 10/12/01; Platts International Gas Report, 10/12/01

Belgium: Regulated Tariffs Cut for Third Time in Two Years
CCEG, the regulator for the captive market, announced a further round of tariff cuts for the segment of the electricity market that is not open to competition. The proposed reduction of BFr 10 billion (US$ 223 million) to be imposed in Spring 2002 comes on top of earlier reductions in 2000 (BFr 3 billion or US$ 67 million) and 2001 (BFr 8 billion or US$ 179 million). The reduction in tariffs is designed to reduce Belgium's tariffs in line with neighbouring countries.
Platts EU Energy, 10/12/01

Belgium - UK: Gas Interconnector Offers New Services
Interconnector UK Limited has amended the service agreements for the operation of the gas pipeline. These changes will allow gas to enter the pipeline from alternative pipeline systems, apart from Transco and Distrigas's grids, and specifically from the SEAL UK offshore pipeline network. Other changes will allow (1) more flexible provisions for the transfer of capacity rights; (2) additional arrangements for the transfer of inventory between shippers; (3) provisions for the share of storage within the pipeline between users; and (4) changes to the rules on the change of flow direction of the pipeline to improve the response of the Interconnector to market conditions.
IUK, 3/12/01

EU: Commission Approves UK Emissions Trading The EU has granted approval for the UK emissions trading scheme, due to start in April 2002, under the State Aid Rules. The scheme is the first of its kind in Europe and is scheduled to run until 2006. Under the scheme, registered companies will be able to bid for money from the incentive pot to reduce emissions. In total, £ 215 million (US$ 313 million) is available over the five-year period. Currently 85 companies have already signed up for the scheme prior to the

publication of the detailed rules. Registration for the scheme closes on 1 February 2002 and auctions will take place during February. The UK scheme differs considerably from the EU proposals and the EU will require modifications to the UK scheme to bring it in line with the EU requirements. The changes are (1) electricity and heat production facilities must be included; (2) emissions in excess of allowances must incur mandatory financial penalties; (3) participation in the scheme must be mandatory, not voluntary; and (4) financial incentives must be eliminated.
Platts EU Energy, 10/12/01; EU Commissions website, 28/11/01

EU: Commission Reports on Slow Introduction of Competition The EU Commission published a report on the introduction of competition in the electricity and gas markets. The report concludes that there are barriers to competition in the electricity industry in the form of (1) high network tariffs; (2) market dominance by incumbents; (3) non-transparent network tariff structures; and (4) insufficient unbundling of integrated companies. In the gas industry, competition is also hindered by (1) network access tariffs based on distance and point-to-point capacity reservation; (2) high network tariffs; (3) limited gas producers; (4) non-market based balancing regimes; (5) insufficient unbundling; and (6) lack of ex-ante approval of tariffs and access conditions.
Platts EU Energy, 10/12/01

EU: EU Commission to Publish Cogeneration Directive The EU commission will publish a directive on cogeneration in Spring 2002. Drafting of the directive is underway. Like the renewables directive, it is likely to include national and EU targets for the volume of cogeneration.
Platts EU Energy, 10/12/01

Germany: New Associations' Agreement on Electricity Transmission Tariffs Signed On 13 December 2001, the new associations' agreement concerning the basis for calculating electricity transmission tariffs and network access conditions was signed. The *Verbändevereinbarung II plus* or *VV2 plus* (as this agreement has become known) constitutes a refinement of, rather than a radical departure from, the previous associations' agreement (VV2). A major change affecting electricity suppliers is that VV2 plus now caters explicitly for all-inclusive contracts with customers, which cover both electricity supply and network usage, whereas VV2 insisted on a two-contract model. For transmission tariffs, there have been moves towards greater cost transparency in the calculation of transmission tariffs by introducing structural groups and structural characteristics, which are to underpin future tariff comparisons. VV2 plus is also explicit on admissible tariff components, excluding, for example, some types of administrative charges that were levied by

various network operators. In addition, VV2 plus takes a first step towards intra-day trading by allowing for changes to announced dispatch schedules. The issue of charging top-up and spill for the balancing power market symmetrically or asymmetrically remains, however, unresolved.
Verbändevereinbarung II plus, available at www.strom.de, 13/12/01

Germany: Bewag will be Part of "Neue Kraft" The merger of HEW, VEAG, Bewag and Laubag to "Neue Kraft" will now go ahead as originally planned. In September 2001, Mirant, who owned Bewag jointly with Vattenfall, withdrew its support for the merger. However, Vattenfall managed to acquire Mirant's stake in Bewag for US$ 1.63 billion in December 2001, allowing the merger to go forward. Neue Kraft's designated chief executive, Dr Klaus Rauscher, announced that they would immediately start building up a powerful and competitive electricity company, which will be the third largest in Germany. Neue Kraft's headquarters will be located in Berlin.
HEW website, www.hew.de, 3/12/01

Germany: Bundeskartellamt Dislikes Planned Ruhrgas Takeover by E.ON The Bundeskartellamt (BKartA, the Federal Cartel Office) sent a letter to EON objecting to the terms of the proposed takeover of Ruhrgas by E.ON. The BKartA fears a market-dominating position of E.ON/Ruhrgas both in the electricity and in the gas market. Dr. Ulf Böge said that this would make the trading environment more difficult for small competitors and potentially having- a negative impact on the consumers. The companies had the opportunity to comment on the letter from the Bundeskartellamt until 7 December 2001.
BKartA website, www.bundeskartellamt.de, 3/12/01

Hungary: New Gas Pricing Methodology The Hungarian Energy Office has announced a new gas pricing system. The state will bear the risk of gas import price fluctuations within the range US$96-126 per MCM. MOL will bear the risk of price movements outside this range.
European Gas Markets, 8/12/01

Italy: January-February Energy Prices Fall The Italian Energy Authority has released the prices of natural gas and electricity for January and February 2002. Pre-tax natural gas prices fall by 3.5% on average, and pre tax electricity prices fall 4.1% on average, and 1.7% for domestic users. This should mean an annual saving of Euro 20.14 (US$ 17.96) for the average domestic gas user, and Euro 5.6 (US$ 4.99) for the average domestic electricity user. The authority has also fixed rules for the conversion of prices to euros in order to prevent suppliers from rounding up prices.
http://www.autorita.energia.it/com_stampa/index.htm, 29/12/01

Italy: Electricity Import Rules Decided On the 6th of December the Italian Energy Authority issued a new decree covering the rules for importing electricity from France, Austria and Slovenia. 1800MW of capacity will be available between France and Italy, and 600MW between Italy and Austria-Slovenia.
http://www.autorita.energia.it/com_stampa/index.htm, 6/12/01

Italy: Gas Contracts Standardised The Italian Energy Authority has introduced a new decree setting minimum standards for the contracts signed between gas consumers and gas suppliers. The new standards will cover the 15 million tied Italian consumers, whose contracts were previously drawn up unilaterally by the gas suppliers. The main areas covered by the standards are deposits, frequency of meter reading and the interest rates charged on late payments. The new terms must be inserted in new contracts, and will also be applied retroactively to all existing contracts.
http://www.autorita.energia.it/com_stampa/index.htm, 5/12/01

Netherlands: DTe Orders Gasunie to Lower Transmission Prices Dutch energy regulator DTe has ordered Gasunie to lower its transmission tariffs by 5 per cent per year in nominal terms over the period from 2002 to 2005. Since no inflation correction will be applied, the instruction implies a real tariff reduction of around 25 per cent (depending on the outturn rate of inflation) over the next four-year period. DTe has also required Gasunie to introduce an entry-exit tariff system in 2003; a balancing market (for the procurement and sale of gas for balancing); and transmission contracts for periods shorter than a month. In 2005, DTe will review the tariffs and the further route from tariff reduction to a full cost orientation will be set out.

Earlier in December, DTe was taken to court by five major Dutch gas users' associations. The users, led by VEMW, claimed that the regulator had failed to force Gasunie to lower its transport tariffs. They identified 16 points in Gasunie's price list for 2002 that they thought were a clear breach of legal requirement. VEMW, which condemned the DTe move as "cosmetic", is considering further action.
Het Financieele Dagblad, 21/12/01, 3/12/01; DTe press release, www.nma-dte.nl, 20/12/01; Platts International Gas Report, www.online.ftenergy.com, 10/12/01

Netherlands: Users Fail to Overturn Electricity Supply Notice Periods Dutch sectoral organisations Aedes and Arcares have lost a court case against electricity distribution companies Essent and Eneco to allow them to switch suppliers. Aedes, the federation of housing associations, and Arcares, the federation of care associations, claimed that the current six-month notice period in their contracts with the suppliers constituted an abuse of their dominant

position, and that the law allows these conditions to be struck down if they constitute an unreasonable constraint. However, the judge rejected all these arguments. The organisations will not appeal against the ruling.
Platts EU Energy, www.online.ftenergy.com, 20/12/01, Aedes press release, www.aedeswcp.nl, 20/12/01

Netherlands: New Lease-back Rules Will Not Affect Energy Companies The Dutch Government has calmed fears that a possible tightening of rules on sale and lease-back agreements will affect energy companies. Local and provincial authorities have recently been banned from entering into such agreements. However, this ban will not apply to incorporated companies, even if local and provincial authorities are controlling shareholders.
Separate discussions between the Government and the Parliament concern the question whether sale and lease-back agreements constitute hidden privatisation. This dispute is holding up a new law that requires the control of networks to remain in public sector hands.
Platts EU Energy, 10/12/01

Russia: Mosenergo is Positive About Future At the meeting with analysts on 6 December management of the Moscow utility announced a 3.2% increase in output for 2001. Negotiations between Mosenergo and the Regional Energy Commission (REC) for a tariff increase are underway. The company proposes an increase of 20-25% taking effect from 1 March 2002.
Platts East European Energy Report , 21/12/01

Russia: RAO UES in Arbitration with Antimonopoly Ministry over Exports to Georgia On 17 December the dispute over the Rosenergoatom's exports to Georgia continued in the Federal Arbitration Court. The Federal Court upheld the appeal by RAO UES and overruled the previous decision of the Moscow Arbitration Court. The case will be returned for second hearing to the Moscow court. The dispute centres around the Rosenergoatom contract with RWE Trading GmbH to supply 900GWh to Georgia before the end of 2001. RAO UES objected to the export deal. The August decision of the Ministry of Antimonopoly Policy prohibits RAO UES from obstructing the Rosenergoatom export contract to Georgia. RAO UES had unsuccessfully challenged the decision in Moscow Arbitration Court.

Meawhile Rosenergoatom is suing RAO UES for 75 million roubles (US$ 2.5 million) in damages to cover the foregone export revenues.
www. rosenergo.ru, 18/12/01

Russia: Energy Bridge with Europe RWE announced plans to invest Euro 120 million (US$ 107 million) in an interconnection between the Russian and Finnish energy systems. The project envisages the construction of a DC interconnector and a 330kV 500MW line from Kolskaya nuclear power plant to the Finnish border. The annual transmission capacity of the interconnector will be 4000GWh. Rosenergoatom plans to utilize the export capacity by increasing the output of Kolskaya, which cannot be fully dispatched in Russia due to transmission constraints.
www.rosenergo.ru, 17/12/01

Russia: Natural Monopoly Tariff Increase At the Government meeting of 6 December, it was decided to set a 35% ceiling on price increases for the natural monopolies in gas, electricity and transport sectors. RAO UES had requested a 43% increase in tariff, Gasprom 37.6%, and the railways 66%. The size and timing of actual increases remained unspecified.
www.kommersant.ru, 6/12/01

Spain: The Spanish Government Approves the Electricity Tariffs for 2002 On 27 December, the Spanish Council of Ministers approved Royal Decree 1483/2001, which sets electricity tariffs for 2002. Full service domestic tariffs have been frozen, while the industrial and commercial tariffs will be increased by 1%. This does not satisfy consumers, who asked for further reductions, or the Spanish utilities', which requested an increase of 2% to support investment. Since the Government expects the inflation rate in Spain to reach 2% in year 2002, the new tariffs mean a real reduction of 2% and 1% for domestic and industrial consumers, respectively. Access tariffs are unchanged.
Expansión, La Gaceta, 28/12/01

Spain: The CNE Reduces the Voting Rights of La Caixa in Endesa The Spanish energy sector regulatory commission (the Comisión Nacional de Energía or CNE) has decided to limit La Caixa's presence in Endesa to that of a "sleeping partner", in accordance with Royal Decree 6/2000, which prevents any company from owning more than 3% of two major operators in the Spanish energy markets. La Caixa owns 26.3% of Gas Natural and 5.04% of Endesa, both considered by the CNE as major operators in the gas market in Spain.
ABC, 28/12/01

Spain: The Catalan and Madrid Governments Investigate Supply Interruptions The power cuts suffered by the Catalan region during mid-December have driven the Catalan regional government to open three enquiries into Fecsa-Endesa and one into Red Eléctrica Española (REE) to determine the responsibility of each company for the outages, with a view to fining them. The regional government of Madrid followed with an investigative enquiry into Iberdrola after outages affected more than 300,000 consumers in Madrid.

Extremely cold weather in Spain in December, together with the proximity of Christmas holidays, provoked an unprecedented increase in electricity demand that led to supply problems in various regions of the country.
La Gaceta 19/12/01; Expansión, 18/12/01

Spain: The Catalan Government Approves Two Decrees to Regulate Electricity Supply Quality The Catalan Government has approved two Decrees with the aim of regulating the quality of electricity supply in the region. The Decrees will take effect on the first of January 2002. The new regulation, for which no precedent exists in other Spanish regions, foresees discounts to final consumers of up to 10% of their electricity bill in the case of outages. Fecsa-Endesa, the electricity distributor in Catalonia, has calculated that the new Decrees increase the cost of supplying electricity in the region by Euro 60 million (US$ 55 million) per annum. These extra costs cannot be recovered by raising electricity tariffs in the region, since uniform tariffs are set for the country as a whole.
Expansión, 14/12/01

Spain: Gaz de France, RWE, Gas de Euskadi and Edison to Appeal against the Algerian Gas Auction Gaz de France, RWE, Gas De Euskadi and Edison (four of the eight losers in the Algerian gas auction) will appeal against the Spanish Government's decision on the Algerian gas auction. The four utilities believe that the Government did not allocate the gas following objective criteria. The Algerian gas auction is one of the measures included in Royal Decree 6/2000, to increase competition in the Spanish market. The other measure affecting the gas sector is a reduction in Gas Natural's ownership share in Enagas, from 100% to 35%.
Expansión, 5/12/01

Slovakia: URSO Approves Gas Price Regulation Methodology The Office for Regulation of Network Industries (URSO) has approved a price cap methodology for the regulation of gas prices from 2003, when it assumes responsibility for price regulation, until the end of the first regulatory period in 2005. Slovakia's gas market is due to open progressively from next year, with all customers consuming more than 5 MCM per year being eligible to choose supplier by 2004.
Platts East European Energy Report, 21/12/01

NORTH AMERICAN NEWS

US: Reliant Splits in Two Formalizing plans the company had announced last year, Reliant Energy shareholders approved a major step in the company's restructuring plans on 17 December. The company will separate into two entities, a regulated energy delivery company – CenterPoint Energy – and an energy service provider – Reliant Resources. Shareholders approved the formation of a holding company, CenterPoint Energy, which will replace Reliant Energy on the New York Stock Exchange under the symbol CEP. Reliant hopes to complete the separation of the two companies in early 2002.
California Energy Markets, 21/12/01

US: ACC Chair Proposes Hearings on the Future of Competition in Arizona Arizona Corporation Commission chair William Mundell wrote a letter to his fellow commissioners expressing his concern that retail electric competition and deregulation of the state's market warrants a second look. The commissioner called for input from interested parties on the matter of restructuring in Arizona, and announced that he would be scheduling public hearings on the matter.
California Energy Markets, 14/12/01

US: Enron Corporation and Affiliates in Bankruptcy Enron Corporation and 17 subsidiaries entered Chapter 11 bankruptcy after Dynegy Inc., walked away from their proposed merger agreement. The immediate impact was felt by about 4000 Houston employees who received layoff notices, and a host of creditors and investors announcing financial exposure to Enron's woes. While doubts persist about Enron's long-term viability, the firm secured an emergency US$ 1.5 billion credit line that could prevent a move toward liquidation of assets. Revenues from power trading all but evaporated.
California Energy Markets, 7/12/01

CENTRAL AND SOUTH AMERICAN NEWS

Argentina: Electricity Reform The Asociación de Distribuidores Eléctricos de la República Argentina (Adeera) said that, if the Government does not create the necessary reforms for the electricity sector to attract investment, there will be a crisis in the sector by 2004-2005. The Adeera explained that changes in the sector's regulation are necessary to allow distribution companies to transfer the cost of generation contracts through to the final users. The Adeera also said that if electricity tariffs are not increased soon, there would be a shortage of electricity.
South American Business Information, 17/12/01

Brazil: Generators and Distributors Sign Agreement over Losses Brazilian generators and distribution companies have signed an agreement over losses incurred during the period of rationing. Under this agreement, the BNDES (Banco Nacional de Desenvolvimento Economico e Social) will cover 90% of the losses of the distribution companies and the Appendix 5 legislation, which called for generators to cover some of the distributors' losses, will only be applied to the period in May when rationing had not begun, but there was a drop in demand.
Global News Wire, 17/12/01

Brazil: Energy Rationing May End in 2002 Energy Crisis Management Committee announced that the government is evaluating the possibility that the energy rationing may end in 2002. The end of the rationing will depend on (1) the hydrologic conditions and (2) contracting of energy in emergencies.
AFX Asia, 13/12/01

Venezuela: Potential Power Supply Crisis Power supplies were cut for several hours in parts of Venezuela as drought conditions worsened the water levels at important hydroelectric facilities. The Government does not seem to be planning to impose a mandatory rationing and instead is promoting a ''rationalization" program designed to cut consumption by 5% immediately, and 10% over the longer term. Venezuela depends on hydroelectric sources for 60% of its power supply. The country's largest generation facility, the 10,000-MW Guri hydro complex, is now operating at its lowest capacity in 50 years, and its water levels are expected to fall further from March through May.
Global Power Report, 23/11/01

ASIA-PACIFIC NEWS

Australia: Court Action by Gas Pipeline Owner over Western Australian Tariff Ruling The Western Australian Government and the State's independent gas regulator are facing Supreme Court action from a second gas pipeline owner over a disputed tariff ruling. Goldfields Gas Transmission (GGT), which operates the 1,380-kilometre Goldfields gas pipeline, issued writs over the regulator's ruling, which set tariffs about 30% lower than those sought by GGT. The move mirrors legal action now being considered by the Supreme Court over the Dampier-to-Bunbury gas pipeline, where the tariff determination was about 25% lower than those levels sought by the owner, Epic Energy.
The Australian Financial Review 14/12/01

Australia: NEMMCO Determination on the SNI and SNOVIC
The National Electricity Market Management Company (NEMMCO) has cleared the way for the proposed new South Australia–New South Wales Interconnector (SNI). The proposed interconnector will have regulated status and will deliver transfer capacity of 250MW at a cost of A$ 110 million (US$ 56.7 million). TransEnergie, a company building an unregulated interconnector between Victoria and South Australia, has indicated that it will appeal against SNI's regulated status. TransEnergie intends to use its unregulated interconnector to trade on price differentials between Victoria and South Australian market. It will therefore be affected financially by the regulated SNI. NEMMCO has also approved the augmentation of the Snowy to Victoria interconnector (SNOVIC), which will deliver increased transfer capacity of 400 MW at a cost of A$ 44 million (US$ 22.7 million).
www.nemmco.com.au, 6/12/01

Bangladesh: Government To Privatise Gas Distribution The Government decided to privatise the billing and distribution operations of Titas Gas Transmission and Distribution Company.
Platts International Gas Report, 10/12/01

India: Delhi Distribution Privatisation Delayed Privatisation of the distribution companies serving National Capital Territory of Delhi was put back by five months, from October 2001 to February 2002. Six pre-qualified bidders will need 2 months for due diligence. Delhi Vidyut Board (DVB), which runs the distribution system in the capital, was unbundled into six companies. 51% of shares in the three of these companies will be privatised. The government will retain ownership of the remaining companies: a transmission company, a generation company and a holding company. The latter will inherit all the liabilities of DVB to make the distribution assets more attractive
Platts Power in Asia, 12/12/01, 11/12/01

India: Kankarta Distribution Privatisation Options Kankarta Power Transmission Corporation (KPTL), the state owned transmission and distribution company, submitted to the State Cabinet a proposal to offer management contracts for distribution operations to a private operator.
Platts Power in Asia, 12/12/01

India: Private Utility Hit By New Tariff Order West Bengal Electricity Regulatory Commission approved a 3% tariff increase for CESC, a private utility serving Kolkata metropolitan area. The new tariff offers revenues of about US$ 400.4 million, about US$ 77 million less than projected requirements. CERC's calculation assumed 22.5% transmission and distribution losses, while the regulator allowed only 16-17%.
Platts Power in Asia, 12/12/01

India: Private Investment In Transmission Is Close to Finalisation Tata Power Company won the competition with UK National Grid to enter the joint venture with the state-owned Power Grid Corporation of India. The project envisages building a 400kV transmission system to connect Bhutan to north-east and east India. This will be the first private investment in the transmission sector in India.
Platts Power in Asia, 12/12/01

India: National Thermal Power Corporation (NTPC) Seeks Government Aid For New Generation Projects Under the new order of the Central Electricity Regulatory Commission (CERC), target power plant load factors increased from 68.5% to 85%. NTPC estimates that due to the change of regulation, the company will lose Rs 180 billion (US$ 3.8 billion) in earning over the period of 10 years. NTCP has challenged the CERC order in Delhi High Court and asks the Government to finance the deficit in order to meet the investment target of 20,000 MW new capacity by 2012.
Platts Power in Asia, 11/12/01

Indonesia: Liberalization Of Electricity Market Indonesia is to pass the new electricity law by March 2002. The new law envisages creation of a competitive electricity market and the establishment of an independent regulatory body. PLN, the state electricity company will have to compete with other IPPs, while the state will retain control over transmission and distribution assets.
Platts Power in Asia, 11/12/01

Malaysia: Reorganisation At Tenaga Nasional Bhd Tenaga Nasional Bhd, a vertically integrated utility, announced an internal reorganization aimed at introducing proper management controls and achieving greater transparency.
Platts Power in Asia, 11/12/01

Pakistan: Privatisation The Government of Pakistan invited prospective investors to submit expressions of interest in the privatization of the National Power Construction Corporation.
Platts Power in Asia, 11/12/01

Philippines: Napocor Privatisation Postponed The Government of Philippines postponed privatisation of the National Power Corp to the second quarter of 2002 to avoid competition with Singapore and Korea who are planning similar privatisations. The plan is to un-bundle Napocor into transmission and generation companies and sell 70% of the assets. The estimated value of Napocor’s transmission assets is about US$ 2.4 billion while the generation assets are worth about US$ 5 billion.
Platts Power in Asia, 11/12/01

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