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Global Energy Regulation

Reporting on energy regulation around the world

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IN THIS ISSUE

EUROPEAN NEWS

Great Britain: Concerns over Ending of Price Controls
The House of Commons' Select Committee on Public Accounts has published a report stating that energy regulator Ofgem should not remove price caps for domestic electricity tariffs until it demonstrates "*that the market is working effectively and will protect customers*". The report also concludes that Ofgem should make it easier for customers to compare prices and should curb misleading "high pressure" sales practices. In addition, a House of Commons Early Day Motion, signed by nearly 40 MPs, urged Ofgem to rethink its plans for ending price controls. Ofgem issued a press release on the state of competition in the gas and electricity markets.

Utility Week, 25/1/02; Ofgem press release, 18/1/02

Great Britain: Regulator Rejects Request for Reservation of Interconnection Import Capacity Energy regulator Ofgem has decided not to grant Scottish Power Generation Ltd's request for a reservation of pre-upgrade import capacity on the Scotland-England interconnector. Ofgem observed that, historically, Scottish Power Generation Ltd has made little use of interconnector import capacity; reserving capacity would result in inefficient and uneconomic use of capacity and raise potential barriers to entry. However, Ofgem granted Scottish Power Generation Ltd's request for a reservation of export capacity.

Ofgem web site, 25/1/02

Great Britain: Regulator Decides on Scottish Administered Pricing Arrangements Energy regulator Ofgem has decided to retain the existing arrangements for setting the wholesale electricity price in Scotland, in which a price cap is set by reference to prices in England & Wales. Ofgem states that no significant changes to Scottish trading arrangements should be made in advance of the introduction of BETTA (British Electricity Trading and Transmission Access) in

April 2004. Ofgem will re-evaulate this policy if the implementation of BETTA is delayed.
Ofgem web site, 25/1/02

Great Britain: New Electricity Distribution Standards Introduced Energy regulator Ofgem has announced the introduction of two new standards for electricity distribution from April 2002. The standards comprise: (1) a "guaranteed" standard requiring compensation to consumers who experience four or more power cuts of three or more hours during a year; and (2) an "overall" standard for measuring each distribution company's performance in minimising the incidence of multiple interruptions on its network. Compensation under (1) has been set at £50 (US $71).
Ofgem press release, 22/1/02

Great Britain: Regulator Consults on Acquisition of Enron Direct Energy regulator Ofgem is consulting on the potential regulatory implications of British Gas Trading's acquisition of Enron Direct for £96 million (US $135 million) in December 2001. Prior to the acquisition, British Gas Trading supplied 42.1% of UK Industrial and Commercial (I&C) sites with gas and 3.5% of UK I&C sites with electricity. Following the acquisition British Gas Trading's market share rose to 43.5% and 7.7% respectively. Ofgem's initial view is that the acquisition does not give rise to any significant competition concerns.
Ofgem website, 18/1/02

Great Britain: British Energy to Appeal Against Court of Sessions Judgment British Energy (BE) has been granted leave to appeal a decision made by the Scottish Court of Session in December regarding its dispute with ScottishPower (SP) over the price of electricity supplied under the Nuclear Energy Agreement (NEA). The decision requires BE to pay £52.3 million (US $74m) in instalments into a neutral trust account until the dispute is resolved. The disputed payments will continue until the appeal is heard.
The Herald, 7/1/02

Great Britain: Regulator Rejects Industrial Customer Transfer Objection Proposal
Energy regulator OFGEM has rejected requests from electricity suppliers (retailers) for a change in regulations that would have allowed them to object when industrial and commercial customers transfer to an alternative supplier on grounds of breach of contract, as is possible in gas. Ofgem rejected the objection facility on grounds that increasing transfer objections would harm competition and act against consumers' interests.
Ofgem press release, 7/1/02

Austria: Regulator Reduces Transmission Tariffs The Austrian electricity regulator, Walter Boltz, has reduced distribution tariffs for four Austrian provincial utilities by amounts ranging from 7.5% to 20%. Dr Boltz, chairman of the regulatory authority E-Control, saw the high charges as the major obstacle to competition. He now expects savings of some 10% for households from increasing competition due to the decree.
e-control website; Platts Power in Europe, 14/1/01

Belgium: Renewable Quotas Set A draft Royal Decree has been issued by the Belgian Government setting out a national market for green certificates. Currently, distribution companies are required to purchase a certain quantity of green energy under regional legislation. The draft decree extends the quota to final customers connected to the transmission grid. The current quota is 2% of energy, which will rise to 6%in 2010. The quota can be fulfilled by obtaining sufficient green certificates from on-shore, off-shore or foreign green power - but imported green power must be from markets that are at least as open as the Belgium market. Non-compliance is charged at 7.4 EUR¢/kWh (6.39 US¢/kWh) in 2002, 10.0 EUR¢/kWh (8.63 US¢/kWh) in 2003 and 12.5 EUR¢/kWh (10.79 US¢/kWh) in 2004.
Platts EU Energy, 17/1/02

EU: Executive Lists Priorities For Electricity and Gas Networks Investment The EU has set out its priority projects for reducing bottlenecks on the electricity and gas networks. The purpose of the investment is to help eliminate market segments due to inadequate interconnection and to improve international energy competition.
Platts EU Energy, 17/1/02

France: Fabius is "Favourable" Towards the Prospects for Privatising EDF French finance minister Laurent Fabius announced he was "favourable" to a disengagement of the state from EDF and Gaz de France, but with the state retaining a majority interest in the companies. Fabius was not the only member of the centre-left party with favourable views on the subject. Two publications by members of the governing party called for the partial privatisation of EDF and criticise France's defensive mentality towards Europe and the "blocking" of the energy market's liberalization.
Platts Power in Europe, 28/1/02

France: EDF Budget was Approved Without Tariff Increase The Minister of Economy and Finance refused to allow a 5% increase in EDF tariffs in the company's annual budget. As a consequence, the company's revenues in 2002 will be EUR 564 million lower and projected profits will drop from EUR 558 million, to EUR 194 million. To achieve the new budget, the company's board is planning to reduce costs during 2002 by EUR 550 million. However, analysts

considered this plan extremely ambitious, since EDF's costs rose in 2001 by EUR 200 million, even though the company planned to reduce costs by EUR 240 million.
La Tribune, 23/12/01

France: EDF Restructures its Organization to Become an Industrial Holding EDF announced a new organizational structure as an industrial holding company, in preparation for market competition and increasing international operations from a third to half of its revenues. Four international branches were defined: Central Europe (including Germany); Western Europe and Africa; America; and Asia Pacific). Inside France, two branches will operate: Energy (including trading) and Retail. All these branches will operate six business: energy production and management, energy retail to residential customers, energy retail to industrial customers, energy distribution, energy services and transmission operations. Every branch will be a profit center with economic, social and environmental objectives against which the performance of the branch director will be assessed. EDF General Director, Gerard Creuset, rejected the comment linking the restructuring of the firm to a future privatization. The new structure will apply from 1 February.
L'echos, 19/1/02; La Tribune, 18/1/02; EDF Press Release, 18/1/02

France: New Charges for the Electricity Public Service Fund (FSPPE) The Electricity Regulation Commission has calculated the charge that French customers will pay to finance the Electricity Public Service Fund. The Fund was created by the Electricity Law of February 2000 in order to finance the extra costs of cogeneration, renewable energy projects and supplying energy to overseas departments. The total amount of charges calculated by the Commission for 2002 was EUR 1,310 million, of which EDF will receive 70%. Non-French suppliers will receive less than 1% of these funds. The remaining 29% will be given to electricity utilities operating in overseas departments. Although the government refused to increase EDF's tariffs for 2002, this charge will increase energy bills by EUR 3 per MWh. Bills to industrial customers could increase in 10% as a result.
L'echos, 11/1/02

Germany: Bundeskartellamt Opens Abuse Proceedings Against Electricity Networks The Bundeskartellamt *(BKartA* or *Federal Cartel Office)* opened proceedings against 10 electricity network operators on grounds of abusive charges for network access. Several of these networks are regional suppliers owned by E.ON or RWE, whilst some are independent regional suppliers or municipal utilities. The president of the BKartaA, Dr Ulf Böge, said that the charges of these 10 companies were between 30% and 70% higher than those of comparable networks. In a preliminary assessment,

this could not be explained by structural differences between the network operators or special characteristics of the five eastern *Länder*. Böge hopes that the legislature will give the BKartA the power to execute decisions immediately, possibly in the new revision of the Energy Act.
www.bundeskartellamt.de, 29/1/02

Germany: Bundeskartellamt Blocks Ruhrgas Takeover by E.ON The Bundeskartellamt *(BKartA* or *Federal Cartel Office)* has blocked E.ON's planned purchase of BP's 51% stake in Gelsenberg, which in turn owns 25.5% of Ruhrgas. This purchase would have given E.ON a majority of Ruhrgas, the largest German gas transmission network operator. The BKartA was concerned that the deal would restrict competition in electricity and allow E.ON to dominate the German gas market. E.ON plans to appeal to the German economics minister, who could overrule the decision. The Government is thought to be sympathetic to the case, believing it would enable Germany to compete in Europe with a company of comparable size to its rivals. BP, which was going to use its Gelsenberg stake as part payment for E.ON's Aral petrol stations, is said to be disappointed with the decision and to be consulting E.ON over what to do next.
Financial Times, 22/1/02; Wall Street Journal Europe, 22/1/02; www.bundeskartellamt.de, 21/1/02

Hungary: Parliament Accepts Electricity Bill On 18 December 2001, Hungary's Parliament voted to accept the bill providing for electricity market liberalisation. The government expects to set a consumption threshold of 6.5 GWh, allowing approximately 200 large customers to choose their supplier. The law stipulates that eligible customers must source at least 50% of their electricity from within Hungary. MVM, the dominant national electricity company, will remain in state ownership but will be obliged to offer open access to the grid. Furthermore, no generator will be permitted to own more than 30% of capacity in Hungary; MVM currently owns around 50%.
Platts East European Energy Report, 24/1/02

Hungary: Mol Invokes Interruptible Gas Contracts Mol has asked 70 large customers to switch from gas to heating oil this winter, claiming that its contracts with those customers allow it to interrupt supplies. The move is prompted by unusually cold weather driving up domestic customers' use of gas.
Platts East European Energy Report, 24/1/02

Italy: Rules for the Auction for Cip6 Energy On 21 January, the Italian Energy Authority raised the limit on the amount of energy that a single operator would be allowed to buy in the three auctions of energy from "Cip6 plants" (renewable and subsidised energy destined for the free market). This limit rose from 15% to 20%. The

decision was confirmed on 30 January by a supreme administrative judge, allowing the TSO to launch the third auction on the following day.
www.autorita.energia.com 22/1/02

Netherlands: Around 20% of Eligible Customers Switch Electricity Supplier The liberalisation of the electricity market which has made approximately 65,000 businesses eligible to switch came into effect on 1 January 2002. According to the "Platform Versnelling Energieliberalisering" (PVE), 20% of businesses have switched energy supplier. The PVE states that in 90% of the cases the switching process has been completed. In the other 10%, there are technical problems or other delays. Market leader Essent said it had lost 25% of its business clients in the market for medium-sized companies; most clients switched to newcomers in the power market. Number two Nuon made no comment. Eneco, Remu and Delta claim they have maintained their market share, or even gained some.
Platts Power in Europe, www.online.ftenergy.com, 28/1/02; Het Financieele Dagblad, 22/1/02, 14/1/02

Netherlands: Nuon Must Pay Back US$ 13 million to Consumers Dutch energy regulator DTe has ordered Nuon to reduce its prices to captive customers by 2% to pay back US$ 13 million. DTe said Nuon passed on the operational costs from its trading division to consumers in the first half of 2001. Most of these costs are associated with purchases for the free market and should have been allocated to industrial customers who are free to choose their supplier.
Platts Power in Europe, 17/1/02, 14/1/02.

Netherlands: Some 9% of Electricity Consumption Traded on APX A total of 8.24 TWh were traded on Amsterdam Power Exchange's (APX) spot market in 2001, 78% more than in 2000, when the figure was 4.62 TWh. In total 9.22% of the net electricity consumption in the Netherlands was traded on the APX, reaching a daily peak of 14% of net consumption on 3 August with 34,181 MWh. Average prices on the APX fell over 30% to EUR 33.58 per MWh.
Platts EU Energy, 17/1/02; APX press release, 10/1/02

Netherlands: Gasunie Not Pleased by DTe Ruling Gasunie, the former gas monopolist, said it was "very disappointed" by the tariff cuts of 5% annually for the next four years imposed by Dutch energy regulator DTe. The tariff reduction will cost the company US$ 850 million, could distort flows of gas around Europe and possibly endanger security of supply and integrity of the grid, said Gasunie Gastransport Services. (Gasunie Gastransport Services is the transmission arm of Gasunie, created when the company split itself into a transport arm and Gasunie Trade and Supply at the beginning of 2002.) DTe wants Gasunie to use cost-related tariffs, whereas

Gasunie favoured the market-based tariffs used in many other countries. It says its tariffs are already low compared to foreign players.
Platts EU Energy, 17/1/02; Platts International Gas Report, 7/1/02

Portugal: Success of the Programme Designed to Encourage Alternative Energies During the first 15 days of January, the Portuguese State Energy Office received 500 project proposals seeking approval to generate electricity using renewable sources. The proposals add up to 7,568 MW, well in excess of the 3,500 MW target set out in "Program 4" (the programme designed by the Portuguese Government to encourage renewable energies). This programme has a budget of EUR 5,000 million (US$ 4,500 million).
Jornal de Negocios, 21/1/02

Portugal/Spain: ERSE and CNE Make Contact on Iberian Electricity Market The Portuguese and Spanish energy regulators (ERSE for Portugal and CNE for Spain) are working together on guidelines for the development of an Iberian Electricity Market (Mibel), which is due to begin operations on 1 January 2003. Their first joint document was published on the 10 January. It refers both to structural aspects of the electricity sector and to the basic features of market operation. The document has been sent to all interested parties for comment.
ERSE 10/1/02; La Gaceta, 10/1/02

Portugal: Reduction in Galp Gas Prices On 15 January, Galp Energia prices for propane gas were reduced 3.5% and butane gas prices 5%. The reductions were approved by the State Energy Office, since Galp has a state concession for gas supply in Portugal.
Jornal de Negocios,7/1/02

Romania: Electricity Market Opens Wider The Romanian electricity market opened further on 21 December as the regulator, ANRE, granted licenses to 10 more eligible customers. The consumption threshold now stands at 40 GWh per year. Previously, the threshold had been 100 GWh per year, at which level only 9 customers were eligible to choose their supplier. Romania has 24 licensed suppliers but to date only four or five customers have switched away from the dominant supplier, Electrica.
Platts East European Energy Report, 24/1/02

Russia: Energy Sector At War With the Ministry of Defence Regional electricity distribution companies disconnected number of military air force and air defence bases for non-payment. The supply to most of them was restored after negotiations with top officials at the Ministry of Defence. Defence Ministry arrears constitute 80% of the federal budget's debt to the energy sector. The total debt of the federal budget on 1 February 2002 was about 4.5 billion Roubles (US$ 147 million).
www.rosenergo.ru, 31/1/02, 29/1/02, 28/1/02

Russia: RAO-UES to Grant the Federal Grid Company (FGC) Assets Worth 121 Billion Roubles (US$ 6.9 Billion) The Supervisory Board of RAO UES decided to establish a Federal Grid Company holding RAO UES's transmission assets as a wholly-owned subsidiary. Deputy chairman of RAO UES's Supervisory Board, Andrey Rappoport, was nominated to the position of the Chairman of Supervisory Board of FGC. He said RAO UES will decide by the middle of February the exact value of assets to be transferred to the FGC, but the expected value is about 121 billion Roubles (approximately US$ 4 billion). At this stage, the transfer will not include transmission assets from regional joint stock "Energos", whose value exceeds that of the grid controlled by RAO UES.
rao-ees.ru , 28/1/02, 25/1/02

Russia: Federal Energy Commission Approves RAO UES Investment Program and Tariff Russia's Federal Energy Commission (FEC) approved a 16.7 billion Rouble (US$ 546 million) investment programme for RAO UES. The investment programme for 2001 was 9.7 billion Roubles (US$317 million). FEC also agreed to a 13.5% increase in RAO UES's tariffs from the current level of 53.93 roubles per MWh (US$1.76 per MWh). The new tariff will take effect from 1 February 2002.
rao-ees.ru 16/1/02

Russia: RAO EES Announced 104% Collections for 2001 During 2001, affiliates of the RAO UES holding company were able to collect 104% of the amount billed to customers.
rao-ees.ru 15/1/02

Spain: Regional Governments to Legislate on Quality of Electricity Supply After the outages that affected some regions during December, some of the regional governments plan to regulate electricity supply quality, including fines for utilities that do not meet specified targets. The Catalan government has recently approved two Decrees on energy supply quality.

The regional governments do not want to wait until 2003, when the central government will implement legislation that the Spanish energy regulator (CNE) is drafting, and which will provide the distribution companies with an incentive scheme related to their quality of service.
Cinco Días, 30/1/02, 7/1/02; La Gaceta, 22/1/02; El País, 16/1/02

Spain: Stock Market Quotation of Enagas Delayed Till Second Quarter The Spanish Economics Minister had planned for 65% of Enagas to be quoted on the stock exchange at the beginning of 2002, but this will not be possible until the second quarter of the year. The Spanish Government has delayed the

quotation until after approval of the new royal decree on gas access tariffs, which will also include the parameters needed to value Enagas. The draft of this royal decree has already been sent to the Spanish energy regulator (CNE) for analysis. Enagas owns the gas transportation assets and is the system operator of the Spanish gas market. It is currently fully owned by Gas Natural.
Cinco Días, 24/1/02; Expansión, 14/1/02

Spain: The CNE Will Not Raise Objections to Banks' Participation in Spanish Utilities The CNE has been considering various companies' involvement in the Spanish gas market, following the requirements of Royal Decree 6/2000, which prevents any firm from owning more than 3% of two major operators in Spanish energy markets. The CNE has decided not to take action against BBVA (which owns part of Iberdrola and Repsol-YPF) or BSCH (shareholder of Unión Fenosa and Cepsa). Last month the CNE opened an enquiry into La Caixa's participation in Endesa and Gas Natural, both major players in the Spanish gas market.
La Gaceta, 23/1/02; Expansión, 2/1/02

Spain: REE to Solve Energy Supply Problems in Spain Red Eléctrica Española (REE), the Spanish electricity system operator, is working to avoid electricity supply problems such as those faced in Spain last December due to the extremely cold weather. REE has issued a document analysing installed capacity and peak demand requirements in Spain, and pointing out where there are problems, as well as possible actions to be taken in case of system faults. In addition, the Spanish government has given REE more control over possible outages; from now on, REE is authorised to instruct distribution companies over security of supply issues. In addition, the Spanish utilities that are REE's shareholders will reduce their holding in the system operator.
ABC, 22/1/02; Expansión, 17/1/02; La Gaceta, 16/1/02

Spain: Enel Signs the Contract to Purchase Viesgo On 8 January, Enel became the new owner of Viesgo, formerly part of Endesa. This is the end of a process that started four months ago, when Endesa sold Viesgo to the Italian utility. Before signing the deal, it had to be approved by the European Commission, the Spanish energy regulator (CNE) and, finally, by the Spanish Government, due to the fact that Enel is partly owned by the Italian Government.
Cinco Días, 9/1/02, 3/1/02

Switzerland: Electrical Municipal Utility of Zurich Revalues its Grid Due to new cantonal regulations, Switzerland's largest utility, Elektrizitätswerk der Stadt Zürich, EWZ, has revalued its electricity grid. By extending the asset life from 25 to 50 years and changing the method of depreciation, the value of the grid will

increase tenfold to SFr 466m (US$ 271m). Some of the increase in value will be paid to the municipality (EWZ's owner) to reduce debt; the remainder will be set aside as a "provision against liberalisation".
Platt Power in Europe, 14/1/01

Slovenia: Electricity Market Opens Slovenia's electricity market opened on 1 January 2002 to six large consumers who use more than 100 GWh per year. At present competition is limited, since a single company, Slovenske Elektrane (SIEL), owns most of the country's generation capacity. Competition will intensify from 1 July 2002, when Slovenia's Krsko nuclear plant starts to send half its output to Croatia; Slovenia will then have to import up to a quarter of its electricity requirements.
Platts East European Energy Report, 24/1/02

NORTH AMERICAN NEWS

US: FERC to Hold Hearing on Power-line Charges The Federal Energy Regulatory Commission ordered a hearing to decide how much the owners of electricity transmission systems in the Midwest can charge for making power-line and other improvements. The Midwest Independent System Operator had proposed that its member utilities be allowed to earn a return of 13 percent on investments made to upgrade their transmission lines, up from 10.5 percent. While the commission said the increase may be reasonable, it rejected a separate ISO request to give members, including Alliant Energy and Northern States Power Co., an even higher return for certain grid projects.
Milwaukee Journal Sentinel, 31/1/02

US: California Plant Construction Slows The dreaded bust following the power project boom appears to be kicking in, and the California Energy Commission expects electricity supplies to be less than projected. California's most ambitious power plant builder is losing steam, and construction of some of Calpine's projects moved off the fast track. Other generation developers may follow suit.
California Energy Markets, 29/1/02

US: California Rejects US$219 Million Sempra Power Settlement California energy regulators have rejected a settlement proposed by Sempra Energy that seeks to split profits from power sales between customers of its utility, San Diego Gas and Electric Co. (SDG&E), and the company's shareholders. The decision reached by the California Public Utilities Commission (CPUC) will likely lead to a courtroom showdown between Sempra and the commission. At stake is some US$363 million that could, the CPUC argues, be used to benefit SDG&E's ratepayers by paying down a special "balancing account" set up at the height of California's energy

crisis. Money funneled into the account captured the difference between the retail prices that state regulators allowed SDG&E to charge its customers and soaring wholesale power prices.
Reuters, 25/1/02

US: Regulators Approve Grid-Niagara Merger The U.S. Securities and Exchange Commission approved the US$3 billion merger of utilities National Grid USA and Niagara Mohawk, clearing the last regulatory hurdle for creation of the nation's ninth-largest utility. The result will be a utility serving 3.2 million customers in a territory covering 29,450 square miles in four states. The new company will have annual operating revenues totalling US$6.7 billion. Niagara Mohawk will operate as a wholly owned subsidiary and keep its headquarters in Syracuse, N.Y. The merger plan will provide consumers with an immediate 8 percent reduction in electricity delivery charges - which will translate into a nearly 5 percent savings on customers' monthly electricity bills.
COMTEX, 16/1/02

US: FERC to Create Electricity Market Monitoring Unit Federal energy regulators detailed plans to create a new market oversight unit to prevent manipulation of U.S. wholesale electricity prices and supplies. The Federal Energy Regulatory Commission (FERC) described its new Office of Market Oversight and Investigations as designed to "protect customers through vigilant oversight of the nation's energy market." FERC aims to have the office operating in 90 days with a staff of more than 50. The move would strengthen FERC's ability to pursue action against companies that act questionably.
Reuters, 16/1/02

US: California Attorney General Sues PG&E Alleging that PG&E Corporation drained the assets of its California utility and put billions of dollars into unregulated affiliates, state attorney general Bill Lockyer filed suit in superior court on 10 January, seeking as much as US$4 billion in damages. The state suit leapfrogs ahead of a California Public Utilities Commission investigation into possible violations of holding-company rules, but it will use the business code as its text in accusing the company of "fraudulent" asset transfers.
California Energy Markets, 11/1/02

US: Power Grid Bottlenecks Cost US$1 Billion Bottlenecks in the nation's power grid cost consumers more than US$1 billion in added electricity costs during the last two summers, an analysis by the Federal Energy Regulatory Commission has concluded. The report states that while easing these choke points – scattered across the country from New England to California – would cost an estimated US$12.6 billion, the improvements would quickly pay for themselves in energy savings.
California Energy Markets, 11/1/02

US: Restructuring Quietly Meeting Most Goals It's been almost two years since Maine restructured its electric power industry and success is being measured in part by what hasn't happened. Maine hasn't seen the price spikes and rolling blackouts that have stung California, once the nation's leader in utility restructuring. The promise of retail competition for home customers hasn't materialized, and nearly all Mainers receive energy from the state-administered standard offer service.
Kennebec Journal, 6/1/02

US: Energy Companies Cutting Plant Construction Power companies are scaling back plans to build new plants to deal with sliding wholesale electricity prices and questions about heavy corporate debt levels. Data compiled by a research group indicated that about 18%of announced projects are defunct, double the figure from last year. This fall-off could pose a threat to the United States when the country emerges from its recession and demand for electricity picks up.
Reuters, 4/1/02

CENTRAL AND SOUTH AMERICAN NEWS

Argentina: New Tax on Oil Exports The Argentinean government is considering imposing a tax on exports of oil, oil products and gas. The government is also considering capping the prices of fuel.
AFX Europe, 4/1/02

Brazil: Sale of Copel Cancelled The government of the south Brazilian state of Parana has cancelled the privatisation of Copel after several delays. Copel, which generates about 7% of Brazilian total capacity, will remain under state control. The government also ruled out the possibility of privatising large power generators Furnas, Chesf and Electronorte before October's general elections.
Financial Times, 29/1/02

Brazil: Government Postpones Liberalisation and Increases State Regulation As a result of the energy crisis the Brazil Government has decided to increase state regulation and to postpone liberalisation. The Minister heading the energy taskforce said "the market is not enough to ensure an increase in the power supply, you need a bigger state role in regulation and supervision". Under the new proposals, state-owned generators will no longer be deregulated in 2003 like private generators. This measure is to prevent the cheaper public generators from underbidding private gas-fired generators, thereby discouraging investment. In addition to decreasing price volatility, the government is studying ways to require

all generators to sell 95%of their power through long-term contracts. The rest of the energy can be sold on a new spot market controlled by energy regulator, Aneel.
Financial Times, 17/1/02

Brazil: New Company to Manage the Electricity Supply in the Northeast The Brazilian government has decided to create a new state-owned company, called the Companhia de Energia e Desenvolvimento Hidrico do Nordeste, which will be responsible for electricity supply and the management of water resources in the Northeast of Brazil. The company will be created by splitting Chesf, Furnas and Eletronorte and will have hydro generating capacity of 7,700 MW.
South American Business Information, 9/1/02

ASIA-PACIFIC NEWS

Bangladesh: BPDB Reform to Continue The Government of Bangladesh is evaluating overall performance of the Bangladesh Power Development Board (BPDB) as a preamble to a restructuring. The BPDB may be transformed into a corporation, while individual power stations become public limited companies. Following restructuring, private investment would be encouraged in generation and distribution.
Platts Power in Asia, 24/1/02

India: CNG Conflict Continues The Indian government has approved a new automotive fuel policy that would allow the use of any fuel as long as it meets specified emissions targets. This policy seems to go against a Supreme Court ruling that buses in New Delhi must use compressed natural gas (CNG). Among the problems in complying with the CNG court order are inadequate availability of CNG fuel or buses. Authorities await a hearing before the court on the implementation of the CNG order.
Platts International Gas Report, 21/1/02

AFRICAN NEWS

Algeria: Parliament Approved Energy Bill The Algerian upper House approved an Energy Bill to liberalize electricity and gas markets in the following three years. The bill introduces the unbundling of electricity services (generation, transmission and distribution), a third party access regime, a system operator, a market operator, the restructuring and partial privatisation of Sonelgaz (the state utility), the full opening of generation and the creation of an independent regulator for the sector. The Algerian lower House already ratified the law on December 2001 and the Upper House approved it on 19 January 2002. The law is expected to come into effect within the second week of February. A consortium led by NERA and Ernst & Young (France) was already appointed to advise on the creation of the independent regulator for electricity and gas distribution sectors.

The Heren Report: European Electricity Markets, 15/1/02; Platts African Energy, 30/1/02

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