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European News

UK

National Grid Report Highlights Reduced Risk Of Winter Gas Supply Interruption

A report from National Grid, published by Ofgem, said that recent investments in new gas import pipelines and other infrastructure had improved supply capacity by 70 million cubic metres of gas per day. However, National Grid highlighted the risk that cold weather elsewhere in Europe may divert supplies away from the UK, or that damage to gas networks could prevent imports getting through.

AFX UK Focus, 26/09/2007

Distribution Networks Criticise Ofgem's Price Control Proposals

Ofgem has published Updated Proposals for the gas distribution price control review, which is due to conclude in December. Ofgem plans to allow gas distribution companies to spend about £1,000 million per year on capital and replacement expenditure, one third more than in the previous five-year period (2002-07), but less than the companies' planned expenditure of £1,200 million per year. National Grid and other gas distributors criticised Ofgem for making only small concessions since its Initial Proposals in May.

Financial Times, 25/09/2007

SDC Proposes Greater Regulatory Focus On Cutting Carbon Emissions

The Sustainable Development Commission (SDC) has argued that Ofgem's remit should be broadened from its current focus on consumer protection to place greater emphasis on carbon reduction, to bring its remit more in line with government policy. To achieve this, the SDC proposes a new incentive scheme to encourage networks to reduce emissions.

Heren European Daily Electricity Markets, 19/09/2007

Ofgem Criticises Renewables Obligation

Ofgem has criticised the renewables obligation scheme, which requires suppliers to procure a share of the power they supply from renewable sources, or pay a "buy-out" fee. Ofgem claims that the scheme is too expensive, costing around £7 per consumer per year at present and maybe rising to £20 per consumer per year by 2015. Ofgem suggested that the government focus on the EU Emissions Trading Scheme as a way to reduce emissions.

Gas Matters Today, 13/09/2007

Belgium

New Energy Regulator For Brussels

The government of the region of Brussels in Belgium has decided to create a new energy regulator. The aim of this new institution, named Brugel, is to supervise the liberalisation of the retail gas and electricity market in the Belgian capital. Brugel will also be responsible for protecting vulnerable energy consumers and issuing green certificates.

Agence Belga, 25/9/07

French Government Approves GDF And Suez Merger

The French government and the boards of Gaz de France (GDF) and Suez have finally approved the merger of the two utilities. The new company will be called GDF Suez. The French government, the main shareholder in GDF, will retain more than 35% of the shares of the new utility and might also keep a "golden share" in the new company. The Belgian government is also considering the possibility of retaining a golden share in GDF Suez.

Agence Belga 21/9/07; Agence France Presse, 19/9/07, 3/9/07; Le Monde, 3/9/07

Bulgaria

ESO to Auction Interconnection Capacity

In October, Bulgaria's Electricity System Operator, ESO, will auction off monthly cross-border import and export capacity for the first time. The country's electricity regulator approved the plans for the auction during August. ESO will offer the following import capacity: Romania (50MW, rising to 150MW); Greece (200MW); Serbia (50MW); and export capacity: Romania (100MW); Serbia (200MW).

Platts Commodity News, 13/09/2007

Bulgaria Makes Third Attempt to Privatise Coal Plant

Bulgaria's Privatisation Agency (PA) will try to privatise the 630MW Bovov Dol power plant by the end of this year. The PA has failed twice before to sell off the coal-fired power station to Greece's Public Power Corp, first because of disagreement about the price and second because of disagreement over coal-purchasing arrangements and environmental upgrades.

Global Insight Daily Analysis, 12/09/2007

European Union

Commission Adopts Energy Policy Legislative Proposals

The European Commission (EC) has adopted its third package of legislative proposals for the development of the European energy policy. These measures were anticipated in the Commission's Energy Policy for Europe, a paper published in January 2007 and approved by the European Council in March 2007. In particular, the EC has proposed the unbundling of network ownership and operation, although it does not impose "ownership separation" (because of the possibility of forming an independent system operator). The EC also proposes the creation of an agency for coordination of national energy regulators and a new European Network for Transmission System Operators. In addition, the package would protect European utilities from acquisition by companies based outside the EU.

European Commission Press Release, 19/9/07

Commission Appoints Coordinators For Interconnection Projects

The European Commission has appointed coordinators for some of the biggest energy interconnection projects currently under development in the European Union. These projects include an electricity line between Germany, Poland and Lithuania; the NABUCCO gas interconnection between Turkey and Austria; the new high voltage interconnection between France and Spain and the off-shore wind connections in the Baltic and North Sea. The figure of the project coordinator was created by the Energy Policy Action Plan adopted by the European Council in March 2007. They will provide advice and support to facilitate the development of the energy projects.

European Commission Press Release, 12/9/07

France

EU Commission Approves TVO Guarantee

The European Commission (EC) has decided to approve the guaranteed loan that the French government granted to Finnish company Teollissuuden Voima Oy (TVO) for the purchase of part of a nuclear power plant from French company Areva. The guarantee had been under investigation by the EC since October 2006. The EC has now ruled that the guarantee does not constitute illegal state aid under European Union rules, since it does not confer any competitive advantage on TVO.

AFX International Focus, 26/09/07

Germany

German Regulator Decides On Gas Grid Tariffs

Germany's energy regulator, the Bundesnetzagentur, has authorised gas network charges through delegated powers and by its own authority. In all cases, the regulator disallowed some of the costs submitted by the companies, ranging from 2% (SWN Stadtwerke Meiningen GmbH) to 18% (GWS Stadtwerke Hameln GmbH and Stadtwerke Eutin GmbH). The new tariffs are valid until 31 March 2008. These decisions on gas tariffs are based on the Bundesnetzagentur's examination of the companies' operating costs, of the accounting cost of their fixed and current assets, and of their cost of capital.

Bundesnetzagentur, 5/9/2007

Gas Companies Offer Cross-Market Zone Balancing

The German gas transport companies BEB and Ontrans announced that they would offer their customers the opportunity to balance their accounts across market zones. From 1 October 2007, users of their networks will be able to offset "structural imbalance quantities" across their H-gas market zones. Imbalances arise when a user's entry and off-take volumes do not match within a balancing zone. BEB, Erdgas Münster Transport, EWE NETZ and ExxonMobil Gastransport Deutschland also announced that they would merge their L-gas market zones by 1 October 2008 and would create a common internet platform by 1 April 2008 to facilitate access to the grid.

BEB, 5/9/2007, 11/9/2007; Platts Commodity News, 5/9/2007;
Heren European Spot Gas Markets, 11/9/2007

German Cartel Office Settles Case With RWE Over CO2 Permits

The German cartel office, the Bundeskartellamt, settled a case with utility company RWE over CO2 permits. RWE had passed on the cost of buying CO2 emissions permits to its consumers, even though it obtained the permits for free. The Bundeskartellamt considers that this practice was only possible due to lack in competition on power markets. The Bundeskartellamt settled the case following an offer by RWE to auction off a total of 6,300MW of capacity to industrial consumers for delivery from 2009 to 2012.
Bundeskartellamt, 26/9/2007

German Energy Bourse Announces Gas Trading In New Market Zone

German energy bourse EEX announced that on 1 October 2007 it will launch spot trading in natural gas within the market zone of E.ON Gastransport. At that time, E.ON Gastransport will regroup its current three H-gas market zones into one overall German H-gas market zone. Trading in this additional market zone is expected to lead to an increase in volumes in short-term exchange trading, because the market zone of E.ON Gastransport accounts for approximately 45% of the German H-gas market and because spot trading has only covered the BEB market zone so far. These two market zones cover in total about 60% of the German H-gas market volume.
EEX, 25/9/2007

Germany: Upper House Passes Incentive Regulation

Germany's upper house of parliament, the Bundesrat, has passed an order introducing incentive regulation for electricity and gas networks (Anreizregulie rungsverordnung). According to the order network operators will be subject to a revenue cap from 1 January 2009. An "efficiency comparison" (benchmarking analysis) will set efficiency targets for individual companies, which they will have to meet over two regulatory periods. Regulatory periods last five years [or, initially, fours for gas networks]. In addition, all network companies will have to increase yearly productivity by 1.25% over the first regulatory period and by 1.5% over the second regulatory period. The Bundesrat adopted a number of amendments and the German cabinet will now have to approve the order.
Bundesministerium für Wirtschaft und Technologie, 24/9/2007;
Bundesregierung, 24/9/2007

Energy Bourse Establishes Compliance Committee

In the course of its ordinary meeting in Berlin on 20 September, the exchange council of the EEX adopted a resolution on the establishment of a committee which will develop a code of conduct in the form of self-regulation by compliance guidelines. This reflects the desire of the exchange supervisory authority to strengthen confidence in the exchange as a market and in its pricing mechanism.
EEX, 24/9/2007

Italy

Energy: From October Electricity + 2.4% And Gas +2.8%

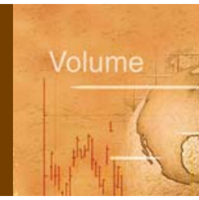
After 12 months of no increases in reference prices for electricity and gas, the recent strong increases in fuel prices has caused a new increase in gas and electricity prices for the last quarter of 2007. The reference electricity price will increase by 2.4% and the gas reference price by 2.8%.
Aeeg's website, 28/09/2007

New Procedure For Selection Of The Gas Supplier Of Last Resort

The Aeeg issued new rules to identify the gas supplier of last resort in order to safeguard customers and small companies in the case of supplier's default. The Aeeg has established new competitive procedures to assign a new supplier to customers automatically if their existing supplier defaults. The provision is potentially of interest to about 17 million final customers. Suppliers of last resort will be selected in order to provide the best terms and conditions to customers in each of the five macro areas where natural gas is distributed.
Aeeg's web site, 14/09/2007

38 Electricity Companies Registered To The Qualified Supplier Directory

Aeeg, the Italian regulator, has updated the list of qualified electricity suppliers. The list currently includes 38 retailers. This new information tool has been in place since full liberalisation of the market on 1 July 2007 and was created to help domestic consumers and small companies choose their electricity supplier. In order to be included on the list, retailers have to prove they meet specific reliability requirements set by the regulator.
Aeeg's web site, 5/09/2007



Netherlands

DTe to Postpone Decision on 2008 Gas and Electricity Network tariffs

The Dutch energy regulator DTe has decided to push back its decisions on network tariffs for 2008 beyond the initial deadline of 1 December. As a consequence, gas and electricity network operators have been told they are not required to submit their annual tariff proposals before 1 October, the regular annual deadline, but on another date which has yet to be specified by DTe. The postponement follows a decision by DTe to investigate further the financial effects of the proposed regulation, as well as to reanalyse the cost of capital the DTe proposes to apply. The DTe expects to provide further information on these analyses in the near future. Final tariff decisions are expected in the course of 2008.

DTe website, 21/09/07

NMa Announces Tender For Study Of GasTerra Dominance

GTS, the Dutch national gas transmission network operator, is required by Article 10 of the Gas Act to provide flexibility services, if its trading arm, GasTerra, holds a dominant position on the market for flexibility services. Following market consultation in 2005, the NMa, the Dutch competition authority, commissioned a study which concluded that GasTerra would have an economic dominant position from 2006 to 2008. In order to determine the way in which the provision of flexibility services should be regulated in the future, NMa must again determine whether GasTerra will have a dominant position in the market for flexibility services after 2008. On 25 September, NMa sent out requests for proposals to consultants to carry out this research.

NMa email announcement, 21/09/07

Portugal

The Government Approves New Regime For Micro-Generation

The Portuguese Government has passed a Decree-law to promote micro-generation. Consumers will be allowed to sell to REN any surplus energy up to 150kW at regulated prices. During the first five years, this energy will get a special price equivalent to US$ 922/MWh. The Decree also sets simplified licensing and billing procedures. The Government expects 165MW to have been installed by 2015.

Agência Lusa, 17/9/07; Reuters, 17/9/2007

Romania

Romania Approves Energy Investment Strategy

The Romanian Government has approved a national energy strategy, which plans to provide €35,000 million of investment to upgrade power plants and further the government's environmental programmes over the period to 2020. This investment is €4,000 million more the government had planned previously. The money will be targeted at the oil and coal production sectors, as well as on investment in nuclear and hydro power.

Rompress, 06/09/207

Russia

Federal Antimonopoly Service Approves Sale Of TGK-8 To Promregion Holding

The Federal Antimonopoly Service (FAS) of Russia approved Promregion Holding's plan to take over 100% of the territorial generation company TGK-8, which is also known as Southern Generating Company. Promregion Holding already has a 14.07% share in TGK-8.

Intefax, 19/09/2007

Russia Amendments to Energy Reform Legislation

The Russian Duma passed amendments to a number of energy reform acts in the first reading. One of the amendments specified 1 July 2008 as a date for abolishing RAO UES. By other amendments, the maximum energy tariffs will be reviewed every five years instead of in an annual review.

Commersant. 10/09/2007

Spain

Second SoLR Auction For Spain And Portugal Held

The second SoLR (Supplier of Last Resort) auction for the acquisition of forward energy contracts to supply Spanish and Portuguese tariff customers was held on 18 September 2007. The results of the auction, which had been designed and managed by NERA, were approved by the Spanish Energy Regulator, CNE. As a result of the auction, 18 companies will deliver 6,500MW of baseload energy to Spanish and Portuguese distributors during the fourth quarter of 2007 at a fixed price of €38.45/MWh.

Cincodias.com, 19/9/07; diariosigloxxi.com, 19/9/07; invertia.com, 19/9/07; finanzas.com, 19/9/07; Enervia, 19/9/07

Second Virtual Power Plant Auction In Spain Held

The two major Spanish electricity companies, Endesa and Iberdrola, jointly held an auction to sell Virtual Power Plant capacity options for 2.5TWh. This is the second of five auctions mandated by the Spanish government to release capacity to other agents. Options for base- and peak-load delivery were auctioned for quarterly, half-year and annual terms. Seventeen companies participated as buyers in the auction.

Enervia, 17/9/07

EC Declares Illegal Conditions CNE Imposed On Enel-Acciona Takeover Of Endesa

The European Commission (EC) has concluded in a preliminary assessment that some of the conditions imposed by the Spanish Energy Regulator (CNE) on the Enel-Acciona takeover bid for Endesa are incompatible with European law. These conditions oblige Enel and Acciona to keep Endesa as an autonomous company which operates from Spain and to maintain its current investment plan. Another condition allows the CNE to veto future decisions by Endesa which affect security of supply. Enel and Acciona had already appealed against some of the conditions to the Spanish Ministry of Industry, which will have to take a decision by 3 November.

Enervia, 24/9/07; Europa Press, 30/8/07; Elmundo.es, 4/7/2007

Turkey

Ankara Gas Grid To Be Privatised

The Mayor of Ankarahas indicated that the city will begin moves to sell the municipality-run gas distribution grid for the city and surrounding region in the coming month. The city could sell Baskent Dogal Gaz, which holds a 30-year licence to distribute gas in Ankara, within six weeks. Turkey has promised to privatise gas and electricity networks as a condition of a loan received from the International Monetary Fund.

Global Insight Daily Analysis, 28/09/2007

Government To Increase Electricity Prices

Following press speculation about an electricity price increase, Turkish Prime Minister Recep Tayyip Erdogan said any rise in electricity prices would only be announced by an official government spokesman. The statement followed a major government meeting on energy policy, during which officials discussed possible electricity price increases, although the Cabinet will make any final decision.

Turkish Daily News, 21/09/2007

North American News

US

Puget Sound Energy Cuts Natural Gas Rates

Regulators at the Washington Utilities and Transportation Commission have approved a rate reduction of 13% by Puget Sound Energy (PSE). This is the first time that PSE's rates have fallen in five years.
Associated Press, 26/9/2007

Washington Gas Light Co. Rate Increase

The State Corporation Commission of Virginia has approved an annual increase in rates of US$ 3.9 million for the regional energy provider Washington Gas Light Co. Regulators allowed a surcharge on bills to reflect unusual weather patterns.
Associated Press, 26/9/2007

State Regulators Hear Complaint About Overcharging

A complaint was filed with state regulators claiming that natural gas provider SourceGas overcharged its customers by US$ 1.1 million over the last year, which might lead to the utility having to refund its customers. SourceGas's rates were increased last September and January. The complaint centres on SourceGas applying the new rates to all bills issued after 1 September and 1 January, respectively, even if the billing cycle included some days of the previous month.
Associated Press, 26/9/2007

Utility Seeks Rate Increase

Utility Atmos Energy Corp. seeks an increase of rates that would amount to US$ 1.57 a month for the average customer. The utility mailed notices to 439 cities in a move to increase annual rates by a total of US$ 51.9 million in order to cover higher costs of delivering gas. Atmos Energy Corp. has also proposed a mechanism that would allow regulators to review its costs and rates on a yearly basis, instead of having to undergo a lengthy formal rate case for every change. Such a mechanism could spread the time between formal rate cases to five years rather than two or three.
The Dallas Morning News, 20/9/2007

Gas Rates Fall Following Settlement

The utility Dominion Hope and state regulators have tentatively settled two rate cases. The proposed settlement must still be approved by the Public Service Commission and could lead to a 26.1% reduction in customers' monthly bills this winter.
Associated Press, 18/9/2007

Philadelphia Gas Works Gets Rate Increase Approved

Regulators have approved a 3% rate increase for utility Philadelphia Gas Works, the first rate increase in four years. The increase only corresponds to a quarter of the amount requested nine months ago.

The Philadelphia Inquirer, 17/9/2007

Investigation Probes Information Dissemination About Financial Risks Of Carbon Emissions

The New York attorney general's office is investigating Xcel Energy's coal-fired power plant, currently under construction in Pueblo, Colorado. The investigation centres on whether the companies involved adequately informed investors about possible financial risks relating to carbon emissions. The attorney general's office said that carbon emissions may become subject to government regulation and taxation in the future. The attorney general's office issued subpoenas to Xcel and four other companies.

Denver Post, 17/9/2007

NStar Seeks Rate Reduction

The utility NStar seeks a reduction of 18% in rates, following a recent decline in natural gas prices on wholesale markets. The Massachusetts Department of Public Utilities must approve the proposal.

Associated Press, 17/9/2007

US Utilities Want More Flexible Regulation

The Central Vermont Public Service Board, the largest power company in Vermont, wants the state to change how it is regulated, so it can more easily pass on power costs to its customers. Green Mountain Power Corporation began to implement an alternative regulation plan in January, making quarterly adjustments to electric bills that reflect changes in what the company must pay for power on the wholesale electricity market. CVPSB asked last month for permission to do so the same and hopes to start next year.

The Associated Press, 28/09/07

Court May Settle Potential CFTC, FERC Oversight Turf Battle

Growing conflict in a New York federal court may help determine jurisdiction in U.S. energy markets between the two major government agencies responsible for oversight. The question is whether the Federal Energy Regulatory Commission—which normally oversees physical markets—has jurisdiction over futures, or if that is the exclusive domain of the Commodity Futures Trading Commission. The question of jurisdiction was raised by the defendant in a major suit against Amaranth Advisors LLC, alleging manipulation of natural gas prices.

Dow Jones & Company, Inc., 25/09/07

High Court To Hear Appeals On Western Energy Crisis Contracts

The U.S. Supreme Court announced that it will attempt to untangle numerous wholesale power contract disputes from the western energy crisis, where California, Nevada and Washington State utility entities are seeking more than US$ 1,400 million in refunds for utility customers. The justices granted two of four pending appeals stemming from wholesale power contracts reached during the height of the energy crisis and at a time when wholesale prices in California and other western states were high.

Dow Jones & Company, Inc., 25/09/07

US Federal Energy Regulatory Commission Announces Creation Of Office Of Electric Reliability

The Federal Energy Regulatory Commission has announced the creation of a new Office of Electric Reliability. The Office of Electric Reliability, formerly a division within the Office of Energy Markets and Reliability (OEMR), will continue to focus on the development and implementation of mandatory and enforceable reliability standards for the users, owners and operators of the nation's bulk power system. OEMR now will be called the Office of Energy Market Regulation. Joseph H. McClelland, director of the Division of Reliability since its creation in 2004, will be director of the new Office of Electric Reliability.

FERC, **http://www.cuisine.co.nz/index.cfm?pageID=349&r=5** *20/09/07*

Florida Power & Light Seeks Public Service Commission Approval To Expand Nuclear Generating Capacity

Florida Power & Light Company has asked the Florida Public Service Commission (PSC) for permission to expand power production capacity at its existing nuclear power plants at Turkey Point and St. Lucie. FPL filed a "determination of need" petition with the PSC, proposing the addition of approximately 400MW of power capacity to existing nuclear power plants in Florida, specifically Turkey Point in Miami-Dade County and St. Lucie in St. Lucie County. Subject to timely regulatory approvals and other factors, this capacity is expected to be in place by the end of 2012.

Business Wire, **http://www.fpl.com/news/2007/091707a.shtml** *17/09/07*

Central And South American News

Brazil

Regulator Publishes Rules For Hydrocarbons Licensing

Brazilian hydrocarbons regulator, ANP, has announced the bidding rules for the so-called Brazil Round 9, the hydrocarbons licensing round to be held on 27 and 28 November. In this round, 312 blocks from nine basins will be offered for E&P. ANP has decided not to offer block C-M-273 in the Campos basin, in order to avoid legal problems with Petrobras, the state-owned energy company.

Business News Americas, 20/9/07

Power Auction Delayed

Brazilian mines and energy ministry decided to postpone the power auction that was to be held on 3 October. The auction, of contracts to deliver power in 2012, is now scheduled for 16 October. The ministry did not give a reason for the delay.

Business News Americas, 14/9/07

Regulator Approves Tariff Adjustments For Distribution Companies In The State Of Goiás

Brazil’s energy regulator, Aneel, has authorised an adjustment in electricity tariffs for distribution companies Celg and Chesp, operating in the central state of Goiás. Tariffs for domestic and industrial consumers of Celg will decrease by 4.12% and 4.14%, respectively, while tariffs for domestic and industrial consumers of Chesp will increase by 7.30% and 2.85%, respectively. According to Aneel, Celg has not paid its regulatory taxes and so neither Celg nor Chesp will be able to implement these tariff adjustments yet.

Business News Americas, 12/9/07; Gazeta Mercantil News, 11/9/07; Folha News, 11/9/07

Chile

Regulator Approves Financing For New Renewables Projects

Chile’s energy regulator, CNE, and state development corporation Corfo have approved financing for 53 new renewable energy projects, including 29 wind projects, 14 hydro projects, 5 geothermal projects, 2 biomass projects and 2 biogas projects. Each of these projects will receive up to 31 million pesos (US$ 57,090) to finance pre-investment studies. Altogether, 139 renewables projects will be financed, adding nearly 800MW of capacity to the country’s electricity system.

Business News Americas, 3/9/07

Colombia

Government Launches Tender For Electricity Transmission Line

Colombia's government has launched a tender to sell the 230kV Pasto-Mocoa transmission line, which is currently operated by energy company Energía de Putumayo. The deadline for technical offers was 21 September, while economic offers can be submitted until 10 October.

Business News Americas, 7/9/07

Eucador

Government To Tender 5 Oil Fields

The Ecuadorian government will begin negotiations to tender the oil fields of Armadillo, Pucuna, Puma, Frontera-Tapi-Tetete and Singue. These fields are considered marginal because of their declining production and need investment of about US$ 180 million in order to add 10,000b/d of oil production in 2008.

Agence France Press, 21/9/07; Platts Commodity News, 20/9/07; Business News Americas, 12/9/07

Mexico

Energy Prices Frozen

The Mexican President announced a temporary freeze in petrol, electricity and LPG prices. The measure is aimed at containing inflation and protecting poorer consumers. It implies a delay in the implementation of a new tax on petrol, which had just been approved.

Platts Commodity News, 26/9/07; EFE, 26/9/2007; ANSA, 26/9/2007

Approved Pemex Tax Reform

Mexico's senate has approved a tax reform bill that includes cuts in taxes paid by Pemex, the state owned Mexican oil company, on the extraction of hydrocarbons. In 2008, taxes will be reduced from 79% to 74%, and will then fall by a further 0.5% annually until 2012. In order to benefit from these reductions, Pemex must implement a program to improve operating efficiency. The reform needs President Calderon's signature to become law.

Business News Americas, 17/9/07

President Vetoes Biofuel Law

President Calderon has vetoed new legislation to promote a Mexican ethanol industry. It would have required Pemex to produce oxygenated fuels using ethanol. President Calderon raised concerns over the supply of corn and sugarcane and sent the bill back to Congress with seven recommendations.

SourceMex Economic News & Analysis on Mexico, 16/9/07

Peru

Renewables Promotion Bill Submitted To Congress

Peru's legislator Jorge Leon Fernández has submitted a bill to promote the use of renewable energy in jungle areas and high Andean zones. The aim of the initiative is to improve quality of life for indigenous communities by economically developing these areas.

Business News Americas, 12/9/07

Venezuela and Brazil

Governments Agree To Build Oil Refinery Together

The Brazilian and Venezuelan governments have agreed to build the Abreu e Lima oil refinery. The refinery, which is in the Brazilian state of Pernambuco, will be owned 60% by Brazilian state-owned energy company Petrobras and 40% by Venezuelan state oil company PDVSA.

Business News Americas, 24/9/07

Asia Pacific News

Australia

High Court Overturns ACCC MSP Decision

The Australian High Court has overturned a 2003 decision by the Australian Competition and Consumer Commission (ACCC) regarding the method of calculating the initial capital base of the Moomba to Sydney gas pipeline (MSP). The ACCC's final decision established an initial capital base of A$ 559 million (US$ 492.8 million), which was substantially lower than that sought by the owners of the pipeline (A$ 757 million/US$ 667.4 million). The owners appealed the ACCC's decision in 2004. In 2005, the Australian Competition Tribunal (Tribunal) found in favour of the owners of the MSP and established an initial capital base above that originally sought by the owners (A$ 835 million/US$ 736.2 million). The ACCC later appealed the Tribunal's decision. In 2006 the Full Federal Court found that none of the available grounds upon which the Tribunal could interfere with the ACCC's determination had been made out and thus the Tribunal's decision was overturned. The owners of the MSP subsequently appealed the Full Federal Court decision to the High Court of Australia. The High Court found in favour of the owners of the MSP and within its decision the High Court has set out its interpretation of the manner by which the initial capital base provisions within the Gas Code should be applied. Both the Gas Code and the Gas Law that were in operation at the time of the ACCC's decision are currently being revised and thus there is some uncertainty surrounding the regulatory precedent set by the High Court's decision as it relates to the interpretation of the initial capital base provisions.

ACCC News Release, 28/9/2007; High Court of Australia Decision, 27/9/2007

Government Inquiry Recommends Significant Electricity Industry Reform

The New South Wales government has released its anticipated inquiry into the state’s electricity supply. Having regard to future load growth, environmental and policy changes, the inquiry’s principal recommendation to government was to divest itself of generation and retail assets. It was stated that “the most efficient means of providing for baseload is to improve the commercial and policy signals used by the private sector”. Currently the New South Wales government has ownership throughout the electricity supply chain. This recommendation follows the Queensland government’s sale of part its interest in the state’s gas and electricity retail businesses earlier in the year.

Owen Inquiry into Electricity Supply in NSW, 9/07

China

China Will Not Liberalise Power Prices

China has claimed that in order to promote renewables investment, it will not liberalise power prices in the near future, as that would reduce the price that renewable generators receive.

Dow Jones Energy Service, 04/09/2007

China Restricts Gas Consumption

The National Development and Reform Commission (NDRC) has introduced a regulation to ban the use of natural gas as feedstock for methanol production and as fuel for power plants situated near coal mines. The NDRC intends that the regulation will ‘optimise’ natural gas consumption, promote energy conservation, and ensure that gas supplies are available for state-approved fertiliser plants and for domestic consumers.

AFX International Focus, 03/09/2007

India

India To Equalise Tax Incentives For Generators

The Ministry of Power is to cut the minimum threshold for “mega power projects” to 25MW for all types of power plant, from the current limits of 1,000MW for thermal power plants and 500MW for hydro power plants. The Ministry claims that its decision will create a level playing field for all types of generator, reduce electricity prices (by an estimated 12-15%) and attract more foreign investment in the generation sector. These so-called “mega” generation projects benefit from zero custom duty and other tax exemptions.

Hindustan Times, 09/09/2007

UPERC Sets New Connection Charges

The Uttar Pradesh Electricity Regulatory Commission (UPERC) has set new rates for electricity connection charges, which come into effect from 1 October 2007. Under the new arrangements, larger consumers will pay more, while smaller consumers will pay less than at present. The total connection charge comprises a processing fee, a security fee, system loading charges and line charges. Each component must be itemised on the bill, according to the new UPERC directions.

Hindustan Times, 08/09/2007

MSEDCL Penalty Upheld

The Supreme Court has stayed the Maharashtra Electricity Regulatory Commission's order that required Maharashtra State Electricity Distribution Company Limited (MSEDCL) to refund service line charges already recovered from consumers. The Commission found that MSEDCL had collected connection charges from customers for the cost of metering without first obtaining legal permission to make the connections. The company argued that the penalty would harm its financial position.

DNA - Daily News & Analysis, 03/09/2007

New Zealand

New Zealand Electricity Threshold Decisions Affirmed

The Commerce Commission welcomed a Supreme Court decision to dismiss a challenge lodged against it by Unison Networks Limited. Unison claimed that the thresholds set for large electricity businesses were unlawful, but the Court found that the Commission acted lawfully in setting both the initial thresholds and the revised ones. This decision upholds an earlier decision by the Court of Appeal, which agreed that thresholds provide incentives to electricity businesses to reduce costs and maintain services and "are a means of promoting the statutory objectives". Unison was ordered to pay the Commission's costs.

Commerce Commission Media Release, 10/9/07

Philippines

Manila Power Prices To Fall

The Manila Electric Company will reduce the cost of electricity for residential customers by approximately 7%. Prices for commercial and industrial customers will also fall. The cut follows a price cut in August through the automatic adjustments in energy prices allowed by the Energy Regulatory Commission.

Dow Jones International News, 04/09/2007

Transmission Grid Privatisation Attracts Extensive Interest

The ministry in charge of privatising electricity infrastructure, Psalm, claimed that 21 private sector investors have expressed an interest in bidding in an auction for a 25-year contract to operate the Philippines' electricity transmission gird. The most recent attempts to privatise the grid failed, as too few investors expressed an interest.

Dow Jones International News, 03/09/2007

ERC Approves New Formula For Manila Electric Co

The Philippines' Energy Regulatory Commission has approved a formula for setting power prices for Manila Electric Co. The company will no longer simply earn a return on its asset base, but will earn revenue based on projected investment and other operational expenses. On 31 August 2007, the ERC approved the annual revenue requirements for 2008, 2009 and 2010.

AFX Asia, 03/09/2007

Thailand

Mandatory Biofuel Storage Introduced

The Energy Ministry will regulate to secure supplies of ethanol and biodiesel reserves to meet growing demand from motorists. The new regulation, which may come into force by the end of September, will cover E10 (a mixture of 10% ethanol and 90% gasoline), and B100 (100% biofuel). The regulation will require that certain stocks of the fuel be held in storage. Before implementation, officials will address certain practical concerns such as the availability of storage tanks.

Thai News Service, 14/09/2007

Thai Nuclear Plans Move Forward

The Thai Energy Ministry will move forward its plan to build the first Thai nuclear power plant, which it hopes to open in 2021, according to the Bangkok Post. Authorities will investigate the feasibility for new nuclear power, including power system planning and a site survey with the process scheduled to end in 2010.

Thai News Service, 07/09/2007

Vietnam

Vietnam And US Agree To Cooperate On Nuclear Safety

The United States and Vietnam have agreed to exchange scientific information on nuclear power, in order to improve the Vietnam's nuclear safety arrangements and promote non-proliferation. Scientists from the U.S. Department of Energy's Lawrence Livermore and Oak Ridge laboratories will assist Vietnam. The agreement does not allow for any transfer of technology or equipment.

Reuters News, 12/09/2009

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