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European News

UK

Ofgem Publishes Gas Distribution Final Proposals: Two GDNs Accept Ofgem Proposals

Ofgem published its Final Proposals for allowed revenues for gas distribution networks (GDNs) over the period 2008-13. By 19 December, two of the four British (GDNs) had accepted them – Scotia Gas Networks, which owns networks in Scotland and the South of England, and National Grid, which owns four English gas networks. The proposals set out Ofgem's determination of the revenue GDNs will be allowed to recover over the period from 1 April 2008 to 31 March 2013. They allow for more than £5,000 million investment in the networks over five years, £3,600 million of which will pay for replacing ageing gas mains. The proposals include new incentives for GDNs to cut greenhouse gas emissions and to encourage sustainable development.

Ofgem Press Release, 3/12/07; The Herald, 20/12/07; The Daily Telegraph, 19/12/07

Ofgem Consults On Distributed Generation

Ofgem has launched a consultation on a range of options to remove barriers for distributed generation projects. The joint consultation with the Department for Business, Enterprise and Regulatory Reform (BERR) outlines options for modifying the current regulatory arrangements to make them more suitable for distributed generation projects, such as Combined Heat and Power and small-scale renewable generation. Ofgem will publish an implementation plan in mid-2008.

Ofgem Press Release, 18/12/07

DNOs Underspending On Capex

According to Ofgem, Distribution Network Operators (DNOs) are spending considerably less on capital expenditure (capex) than they are allowed to under their price control. Ofgem noted that DNOs' capex is 16% below the allowances set in the last price control. DNOs have forecast that capex will be 6% below the total allowances for the full five years of the price control. DNOs' operating costs (opex) are currently around 9% above price control allowances. Ofgem has identified a number of unanticipated factors behind the underspend, including unexpectedly high levels of customer funded expenditure necessitating the delay of some replacement work, and delays in major load-related investment projects.

Platts Power UK, 14/12/07; Ofgem Website, 10/12/07

Companies To Take Ofgem To Judicial Review

Four companies are taking Ofgem to Judicial Review over the proposed introduction of a zonal transmission system losses charging scheme. The companies are appealing on a legal technicality regarding the date of the implementation date for the proposed rule change. The four companies are Teesside Power, Immingham CHP, Drax Power and British Energy.

Power UK, 14/12/07; ELEXON Circular, 12/12/07

Ofgem May Re-examine Third Party Access Arrangements At Grain

Ofgem is seeking to improve third party access to UK liquefied natural gas (LNG) import terminals. Ofgem has written to potential users of third party access at the Grain LNG terminal to ask for their comments on how the current system might be improved. Ofgem's request for submissions follows four scheduled berthing slots remaining unused at the terminal since October 2007. The regulator acknowledged that the berths could have been left empty because UK natural gas prices were not high enough to attract supply, but said "some market participants have expressed concern" about the access arrangements for secondary capacity at the terminal.

Upstream, 7/12/07; Ofgem Website, 22/11/07

Belgium

Energy Regulator Approves Gas And Electricity Tariff

The Belgian Energy Regulator, CREG, has approved new gas and electricity access tariffs to be charged from 1 January 2008. For electricity distribution companies DNB BA, EV GHA, INTER-ENERGA, IVEG, PBE, WVEM, TECTEO, VILLE DE WAVRE, and gas distribution companies INTER-ENERGA, IVEG, WVEM, and ALG, the new tariffs will apply until 31 March 2008. For all other distribution companies, the tariffs will apply until 31 December 2008. The tariffs to be charged by Elia, the electricity transmission network operator, have been set for the period 2008-11. CREG also rejected the gas transport tariffs proposed by the gas transport network operator, Fluxys, which will have to charge the 2007 tariffs until it reaches agreement with CREG.

CREG Press Releases, 26/12/07, 25/12/07, 21/12/07; Agence Belga, 21/12/07

Bulgaria

Bulgargaz Warns Low Tariff Rises May Endanger Supply

According to Bulgarian energy company Bulgargaz, the permitted rise in gas prices in 2008 is not sufficient. Bulgargaz said that natural gas supplies in Bulgaria may be limited next year if the State Energy and Water Regulation Commission goes ahead with its proposed stage-by-stage increase in the gas price by 7.95% every three months. Bulgargaz says that the price has to increase by at least 11% every three months. Initially, Bulgargaz had requested a more than 25% increase in the gas price in the first quarter of 2008. The company has warned that without higher tariffs, it will not be able to pay Gazprom in February and supplies may be halted.

Global Insight Daily Analysis, 20/12/07; PARI Daily, 20/12/07

European Union

Commission Allows Enel To Buy 67.5% Of Romania's Electrica Muntenia Sud

The European Commission (EC) has approved Enel's purchase of a 67.5% stake in Electrica Muntenia Sud, a distribution company that supplies Bucharest. Enel already owns stakes in two other Romanian regional power distributors, but the EC said the deal would not create antitrust problems because the company would still face strong competition in the retail supply of power in southern Romania.

Global Insight Daily Analysis, 24/12/07; Agence Europe, 22/12/07

Commission Gives A Favourable Opinion On The New Nuclear Power Plant In Bulgaria

The European Commission has given a favourable opinion on the proposal of Natsionalna Elektricheska Kompania (NEK) of Bulgaria to build a new 2000MW nuclear power plant at the Belene site.

European Commission Press Release IP/07/1874, 7/12/07;
Europolitique Energie, 19/12/07

Commission Wins Battle On EON Golden Share

The European Commission has reached agreement with the German government regarding the golden share it holds in E.ON, which the government could have used to block a takeover. Under the agreement, the German government will stop applying the clause immediately for any potential suitors from within the EU (and from 2012 for suitors from outside the EU, unless the Commission permits its use).

Financial Times, 14/12/07

France

Government Approves New Gas Tariffs

The French Government has approved gas tariffs to apply from 1 January 2008. Tariffs for domestic customers will increase by 4% on average. For businesses, tariffs will increase between 10.5% and 10.6%.

La Tribune.fr, 30/12/08; Les Echos.fr, 30/12/08

Regulator Approves Investment Plans For 2008 Of Electricity Transmission Operator And Gas Transport Companies

The French energy regulator, CRE, has approved the investment plans for 2008 of the electricity transmission operator, RTE, and gas transport companies GRTgaz and TIGF. RTE will invest €852.6 million, mainly on regional networks. GRTgaz will invest €585 million in 2008, with a special focus on developing its main network and adapting it to new environmental standards. TIGF plans to invest €191 million, most of which will be used to develop its main transport network.

Les Echos.fr, 26/12/07; La Tribune.fr, 26/12/07; French News Digest, 20/12/07

Decree Gives French Government Golden Share In Gaz De France

The French government has passed a decree that allows the Finance Ministry to oppose the sale of parts of the gas distribution network, underground storage facilities, or LNG assets owned by Gaz de France (GdF) "if it considers the decision to be against the essential interests of France in the energy sector relating to the continuity and safeguarding of supplies". This decree follows one issued a day earlier, which allows the French state to lower its stake in GDF down to 33.3% and is expected to facilitate the merger of GdF and Franco-Belgian utility Suez.

La Tribune.fr, 21/12/07, 20/12/07; Agence France Presse, 21/12/07

Competition Council Forces EDF To Offer Electricity To Alternative Suppliers

The French Competition Council has accepted EDF's proposal of offering alternative suppliers a five year contract with a ten year extension option for an annual volume of 10.5 TWh representing a total capacity of 1500 MW. This power will be made available in three calls for tender at different times, expected to be in 2008-2009, so as to give new entrants access to the new wholesale product. EDF committed to ensuring that the price charged for supplies over the whole contract duration would not generate any margin squeeze with its own offers on the retail market. EDF's proposal came after the Competition Council imposed interim measures in June 2007 to prevent EDF from abusing its dominant position.

La Tribune.fr, 19/12/07; Conseil de la Concurrence Press Release, 10/12/07

French Consumers To Be Given Right To Switch Back To Regulated Tariffs

French deputies approved a measure that will allow consumers to switch back to regulated gas and electricity tariffs from unregulated tariffs offered by private sector suppliers. So far, only 6,000 of 29 million French households have chosen free market offers instead of EDF's power contracts. The so-called "irreversibility clause" in the 2006 energy law forbids consumers from reverting to state-set tariffs once they subscribe to a free-market offer. The text of the amendment, which would remove this restriction, will go to the upper house next week for a final reading.

Reuters News, 12/12/07; **uk.biz.yahoo.com, 14/12/07**

State Council Revokes Freeze In Gas Charges For 2006

The French State council revoked an order dating end-2005 in which the government decided to freeze gas charges as of the beginning of 2006. The State council ruled that the order was inadmissible, as it contravened a law issued on 3 January 2003 that required charges to cover costs of supply. It is thought that the public authorities will now be obliged to compensate Gaz de France for the loss of revenues which would have resulted from an increase in gas rates.
La Croix, 11/12/07; Business Wire, 10/12/07

Germany

New Law On Price Abuse In Energy Sector Comes Into Effect

A new law against the abuse of prices in the energy supply industry has come into effect. The law creates a new Article 29 in the German Competition Law that expands the prohibition of market abuse by dominant energy companies. The new law is intended to make it easier for the cartel authorities to rule out prices that unreasonably exceed costs or that are significantly higher than the prices of comparable companies. Under the new law, energy companies will have to prove that their electricity and gas prices are justified, thereby reversing the burden of proof. The new law is valid until 2012.
Bundesministerium für Wirtschaft und Technologie, 28/12/2007

Hard Coal Financing Law Becomes Effective

The Law to Finance the Termination of Hard Coal Subsidies has come into effect. Subsidised coal mining will cease by 2018. The law is intended to end subsidies in a socially responsible manner.
Bundesministerium für Wirtschaft und Technologie, 28/12/07

Competition Watchdog Imposes Fine On Liquid Gas Traders

The German competition watchdog, the Bundeskartellamt (Federal Cartel Office), imposed fines of €208 million (US$305 million) on seven companies operating in the liquid gas sector for market abuses. The companies supply private and business customers with liquid gas in small tanks (up to 5.6 tons) or with bottled gas. According to the Bundeskartellamt, analysis of documents seized during May 2005 raids of the companies concerned showed that they had agreed not to try for each other’s customers. Several of the companies are planning to appeal the ruling.
AFX, 20/12/07; Bundeskartellamt, 19/12/07

Third Nationwide Gas Price Comparison Published By Cartel Office

Germany's cartel office, the Bundeskartellamt, published a third nationwide comparison of gas prices for household customers. As part of monitoring, the markets for possible market abuse the German cartel authorities collect price information and internal company data. The publication of the price data by the Bundeskartellamt is in line with a ministerial decision.
Bundeskartellamt, 18/12/07

German And French Energy Bourses To Cooperate

The boards of the German energy bourse EEX and its French counterpart Powernext have approved an equal merger uniting the German and French spot electricity markets into a single company based in Paris. The boards also approved the merging of the futures markets by 2009 into the EEX derivatives market subsidiary located in Leipzig. Clearing and settlement operations for all products will be based in Leipzig. Other European exchanges will be able to join and the two companies are intending to cooperate with the Belgian energy exchange Belpex.
EEX, 12/12/07; Powernext, 7/12/07

Climate Package To Ensure Greater Energy Efficiency

The German Cabinet has adopted a package of measures on climate protection. The package is expanding renewable energy sources in the electricity, fuels, and heat sectors, as well as promoting energy efficiency and raising energy standards for residential buildings by 30%. These standards will also apply to existing buildings. In 2008, the German government will make a total of €3.3 billion (US$4.9 billion) available for climate protection measures—an increase of 200% compared to 2005. The package is intended to prepare Germany for the future, to create jobs, and to render the economy less vulnerable to high oil prices.
Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit, 5/12/07

Ireland

New Interconnectors Planned For Ireland

Imera (a joint venture of Norwegian listed Oceantem and other private investors) has been awarded licences by the British energy regulator Ofgem to build two underwater electricity interconnectors between Ireland and Wales. Each interconnector will have a capacity for 350MW and together they will increase Irish energy capacity by 7% by the expected completion date of 2010, at a cost €170 million.
Irish Independent, 7/12/07; BusinessWeek, 6/12/07

Italy

Aeeg Issues New Regulation On Quality Of Service In The Electricity Sector.

Aeeg (the Italian energy regulator) issued the new regulation on quality of service in the electricity sector for the regulatory period 2008-2011. According to the new regulation, distributors will have to reduce the number of interruptions in electricity supply to targets set by the regulator. (By 2001, the average reduction across the nation is 11%.) Distributors that do not meet the target will have to pay a penalty, while distributors that outperform will receive a reward. Aeeg has also provided for a reduction in the average duration of interruptions, from the current 77 minutes/year to 57 minutes/year. From 2008 on, quality of service regulation will be extended to distributors serving less than 5,000 customers.

Aeeg website, 21/12/07

Aeeg Awards Generators Compensation To Recover Extra Costs Incurred During The Gas Emergency.

Aeeg has awarded about €23 million to Edipower and about €13 million to Endesa to cover the extra costs incurred by generating with fuel oil instead of gas during the gas emergency in the winter of 2006. Earlier in the year, Aeeg had awarded Enel Produzione about €66 million for the same reason. Aeeg is also reviewing the costs of other generators to assess whether they also incurred extra costs. Compensation awarded to generators will be paid for by final customers according to a methodology that Aeeg has yet to set out.

Aeeg website, 4/12/07

Netherlands

Dutch Office Of Energy Regulation Clarifies The Regulatory Regime Governing Gas Storage For TAQA

TAQA Energy BV (TAQA), operator of the Peak Gas Installation (PGI) facility in Alkmaar, the Netherlands, is set to convert the Bergermeer gas field in Noord-Holland into a major seasonal gas storage facility. In July 2007, TAQA sought clarification from the Dutch Office of Energy Regulation as to the regulatory status of the project. Under the Gas Act, gas storage companies fall under one of two regulatory regimes. One regime applies to gas storage companies that hold an economically dominant position or gas storage companies that have an exclusive licence under the Mining Act. Companies that do not have this license, or that have no economically dominant position, fall under a less extensive regulatory regime. The Dutch Office of Energy Regulation (DTe) has now issued an informal opinion on the position of TAQA stating that the Bergermeer facility falls under the less extensive regulatory regime.

DTe website, 28/12/2007

NMa Fixes Maximum Electricity Metering Tariff For 2008

The Dutch competition authority (NMa) has fixed one national maximum tariff for the rental, use, and maintenance of electricity meters in 2008. From 1 January 2008 there is one maximum rate for single and duplicate meters and for 1- and 3-phase meters for domestic and small business consumers. This rate, amounting to €24.47 per year excluding VAT, applies to all meters under the management of a network operator, i.e. more than 90% of all meters.
DTe website, 20/12/2007

Decision On GTS Peak Delivery Tariff And Flexibility Services Surcharge 2008

DTe published a decision on tariffs for peak delivery and the surcharge for flexibility services for the year 2008 as applied by the operator of the national gas transport network of Gas Transport Services B. V.
DTe website, Dossier 102792, 19/12/2007

NMa Orders Continuon To Follow Electricity Tariff Code

In a dispute between network operator Continuon and its customers Stichting De Basis and Van Wijnen Holding BV, the NMa has ruled that Continuon has to follow the Gas Tariff Code when setting its tariffs for these customers' connections. As both connections had been built prior to the creation of the Tariff Code in September 1999, Continuon had assigned both customers to a higher tariff class than specified in the Tariff Code.
DTe website, 14/12/2007

NMa Implements Tariff Structure For Extra High Pressure Gas Transmission

The Board of the NMa has changed articles 2.3.2 and 2.4.3 of the Gas Tariff Code to implement a separate tariff structure for gas transmission under 'extra high pressure'. The NMa's decision implements a proposal by the joint network operators, which followed a change in the gas act giving the NMa the power to regulate gas transmission on 'extra' high pressure networks (16 bars and higher) as of 1 January 2008. The NMa will determine the tariffs for extra high pressure transmission in its next Tariff Decision. The amendments of the Tariff Code expand the tariff structure for large gas consumers (>170,000 m^3 per year) with a new transmission category for connections that involve gas transmission at extra high pressure. The amendments to the Tariff Code are effective as of 1 January 2008.
DTe website, Dossier 102754, 13/12/2007

Five Regulators Publish A Transparency Report Aiming At Fostering Electricity Market Integration In The Central West Region

The Regional Co-ordination Committee (RCC) of the Central West region—the five regulators CREG, CRE, BNetzA, ILR, and DTe (Belgium, France, Germany, Luxemburg, and the Netherlands)—published a report on transparency, indicating specific steps for the improvement and harmonisation of transparency in the wholesale electricity markets of the region. For the first time, generation data and information about non-availability of consumption and generation units will be available region-wide.

DTe website, 12/07/07

Portugal

Charges For Meters Forbidden

The Portuguese Parliament has passed a bill that expands the scope of essential public services and forbids any charge for the use of electricity, gas and water meters. EDP may have grounds for claiming compensation under the terms of its franchise.

Jornal de Noticias, 22/12/07, 21/12/07

Romania

ANRE Reviews Gas And Electricity Tariffs

The National Energy Regulatory Authority (ANRE) has announced that electricity and natural gas tariffs will remain unchanged after 1 January 2008. However, a final decision on a possible tariff increase for natural gas is expected during January 2008. ANRE acknowledged that there is a case for increasing tariffs following increases in the cost of purchasing natural gas. It will continue discussions with market participants to set tariffs that account for higher gas import costs. Meanwhile, E.ON has warned that if gas tariffs do not rise by 10% in January and 30% for the whole of 2008, then it may be forced to reduce gas deliveries to customers. ANRE justified its decision to freeze the electricity tariff because more low-cost electricity is being produced from the country's nuclear generators.

BBC Monitoring European, 27/12/07; Rompress, 29/12/07;
Hungarian Business Newswire, 18/12/07

CEZ Criticises Anticompetitive Contracts

Czech energy company CEZ has expressed concern that many Romanian distributors retain a monopoly over cheap electricity purchase agreements. “The unfair competition between distributors is generated by long-term contracts signed directly between cheap electricity producers and some distributors,” according to CEZ Romania. “The state, the owner of these companies, does nothing to resolve this matter, while ANRE (Romanian Energy Regulatory Authority) does not take the necessary steps either.” The contracts are due to end in 2012. CEZ said that it would take legal action in Brussels if ANRE does not act to resolve the situation.

Czech Republic Business Newswire, 7/12/07; Hungary Business Newswire, 7/12/07

Russia

Electricity Industry Development Plan To 2020 Is Submitted To The Government

The Ministry of Energy submitted a document entitled “General scheme of positioning of power sector assets to 2020” for government approval. The document contains forecasts of electricity demand, generation, and fuel consumption and includes plans for decommissioning and new construction of power plants and transmission investments. The document has been agreed with a number of stakeholders, including the Ministry of Economic Development, Rosatom, coal producers, Russian Railways, Gazprom, and federal districts. The document is supposed to be revised at least once in every three years. The approval of the document is expected in the early part of 2008.

Rossiiskaya Gazeta, 26/12/07; PR office of the Ministry of Energy and Industry, 26/12/07

Spain

Government Approves New Electricity And Gas Tariffs

The Spanish government approved the electricity and gas tariffs to apply from 1 January 2008. Electricity tariffs will increase by 3.3% for all customers (while recognising that they will be insufficient to recover the full costs of supply). Gas tariff increases range from 4.17% for small businesses to 4.93% for domestic customers with low consumption. In addition, the government decided that from 1 January 2009 some of the gas to be supplied under the tariff of last resort will be purchased through an auction mechanism.

Enervia, 2/1/08; Expansión, 31/12/07; ABC, 29/12/07

Government Extends The Deduction Of Power Producers' Earnings Generated By Free Emission Rights

As in the case of emissions rights allocated for free under the 2005-07 National Allocation Plan (NAP), the Spanish government has decided to pass a Royal Decree establishing that electricity generators will have to refund the "extra revenues" resulting from the increase in wholesale electricity prices due to inclusion of the opportunity cost of emissions rights during the 2008–12 NAP period. A Ministerial Order was also approved establishing the formulas, which will be used to determine the amounts that generators will have to refund for 2006. The Order states that efficient behaviour of generators in a market is to add the opportunity cost of emissions rights to their generation offer prices, and estimates the value of these "extra revenues" under the assumption that CCGT plants are always the marginal plant. This affects all generators, including those that do not emit greenhouse gases, such as hydroelectric and nuclear plants, on the basis that they also benefit from the increase in the wholesale market price. The Spanish association of electric utilities (UNESA) has announced that its members will individually appeal against the Royal Decree, unless it is modified before being passed by Parliament and the Ministerial Order.

Cinco Días, 29/12/07; Reuters, 14/12/07; Enervía, 10/12/07; ABC, 8/12/07; **www.boe.es, 8/12/07**

Third SoLR Auction For Spain And Portugal Held

The third SoLR (Supply of Last Resort) auction for the acquisition of forward energy contracts to supply Spanish and Portuguese tariff customers was held on 18 December. The results of the auction, which was designed and managed by NERA Economic Consulting, were approved by the Spanish Energy Regulator, CNE. As a result of the auction, 23 companies will deliver 6,500MW of base-load energy to Spanish and Portuguese distributors during the first quarter of 2008 at a fixed price of €64.65/MWh.

Enervía, 20/12/07; EFE, 19/12/07; **www.subasta-cesur.eu, 19/12/07**

Third 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. This is the third of five auctions mandated by the Spanish government to release capacity to other agents. The exercise price for base-load and peak-load were set at €38/MWh and €65/MWh, respectively. Options for 2,770MWq (Equivalent Quarterly MW) were offered, but only 2,450MWq were finally awarded. For base-load deliveries, the final prices of options for quarterly, half-year, and annual terms were €12,832/MW/month, €10,023/MW/month, and €9,485/MW/month, respectively. For peak-load deliveries, the final prices for quarterly, half-year, and annual terms were €2,151/MW/month, €1,745 /MW/month, and €1,665/MW/month, respectively.

Reuters, 12/12/07; www.endesa-iberdrola-vpp.com, 11/12/07

EC Declares Spanish Regulator Restrictions On Enel-Endesa Takeover Of Endesa Illegal

The European Commission announced that restrictions imposed by the CNE on the purchase of Endesa by Italian company Enel and Spanish holding company Acciona were not compliant with European legislation. The restrictions found unlawful were the following: (1) that Endesa remain an independent company with its head office and decision-making in Spain; (2) that generation assets on Spanish islands and off mainland Europe remain within the Endesa group; (3) that a certain proportion of the coal used as an input into generation come from Spanish sources; (4) a ceiling on the proportion of funds that could be committed to the payment of debt services; and (5) limits on dividend distribution policy. The EC urged Spanish authorities to modify these requirements by 10 January.

Expansión, 6/12/07; Reuters, 5/12/07

Energy Regulator Approves Viesgo's Acquisition By E.ON

CNE, the Spanish energy regulator, has authorised without restrictions the sale of Italian Enel's subsidiary Viesgo to E.ON. The arrangement includes both generation assets and the distribution division. The purchase of Viesgo by E.ON was part of the agreement between the German group and the new owners of the major Spanish company Endesa, i.e. Enel and the Spanish holding company Acciona.

Gaceta de los Negocios, 5/12/07; Cinco Días, 5/12/07; El País, 5/12/07

Switzerland

Power Identification Allows Estimation Of Energy Mix For The First Time

Since 2005, the Directive for Power Identification has required electricity suppliers to identify the origin of the electricity they supply. As a consequence, it is now possible for the first time to make accurate statements about the energy mix of the electricity consumed by final customers. An evaluation report just published by the Federal Office for Energy shows that in 2005 about 63% of delivered electricity was produced in Switzerland. Of the total supply, 41% came from nuclear power, 34% from hydro power, and less than 1% from renewable energy. The remaining share could not be identified.
Bundesamt für Energie, 6/12/07

Electricity Market Liberalisation To Start In 2008

The beginning of 2008 will mark the staggered implementation of electricity market liberalisation and cost-effective feed-in tariffs for renewable energy sources in Switzerland. On 1 January 2008 the Electricity Supply Law (StromVG) will become effective almost in its entirety. One exception is the market opening for large users consuming 100,000kWh per year and more. The Electricity Supply Ordinance (StromVV) becomes effective on 1 April 2008. The provisions regarding large users and cost-effective feed-in tariffs for renewable sources become effective on 1 January 2009.
Bundesamt für Energie, 6/12/07

Turkey

TEDAS Unsatisfied With Tariff Increase

The Turkish Electricity Distribution Company (TEDAS) is not satisfied with the government‘s planned increase in 2008 electricity prices of 15% for households and 10% for industrial users. TEDAS claims that these increases will not be enough to cover losses arising from an increase in the wholesale prices at which it buys electricity. State-owned TEDAS will request an additional price hike from the government, claiming that it requires at least another 5% price increase in February.
Turkish Daily News, 27/12/07

North American News

Canada

Natural Gas Options Change For Consumers Centra To Compete With Private Brokers

The Manitoba Public Utilities Board has authorized Centra Gas to compete directly with private brokers for the purchase of natural gas, in a move to create a more competitive gas market in Manitoba. The ruling requires Centra Gas, owned by Manitoba Hydro, to offer homeowners contracts with a fixed price and term, setting a rate for one year or two years ahead. Previously, Centra Gas has charged for gas on a quarterly basis. Existing brokers offer long-term contracts of between three and five years and the Utilities Board anticipates that increasing choice for domestic consumers will contribute to shorter private broker contracts and lower gas prices.

Winnipeg Free Press, 19/12/07; Manitobe Public Utilities Board, Order 160/07, 18/12/07

US

Atmos Energy Gets FERC Information Request

A filing made at the US Security and Exchange Commission revealed that Atmos Energy Corp, a natural gas marketer, has been asked to supply information to the US Federal Energy Regulatory Commission, relating to an investigation of possible violations of the latter's competitive bidding regulations for prearranged released firm capacity on natural gas pipelines.

Reuters News, 19/12/07

Ohio Regulators Grant Governor's Request To Ban Power Shutoffs

The Public Utilities Commission of Ohio has ordered a 90-day moratorium on electricity and gas disconnections when consumers are in arrears, on safety grounds, following a fatal house fire in the state, caused by candles used for heat. The moratorium will apply to families whose household income is 175% of the federal poverty level or less.

Associated Press Newswires, 19/12/07

Avista's WA Electric, Natural Gas Bills To Increase 1 January

The Washington State Utilities and Transportation Commission approved a rate increase for Avista Utilities' electric and natural gas customers, taking effect 1 January 2008. Avista will collect US$33.4 million from the rate increase, compared with its original request of US$55.6 million.

Associated Press Newswires, 19/12/07

Enstar Pays US$700,000 In Refunds

Enstar Natural Gas Company has paid a total of US$700,000 in refunds and credits to almost 1,000 customers living in duplexes and multi-family homes who have been overcharged. The Regulatory Commission of Alaska says customers paying the commercial rate for a strictly residential building, with two or more apartments on the same meter, are entitled to a lower rate and ordered Enstar to offer its customers a rate adjustment.
Associated Press Newswires, 18/12/07

Electricity Consumers Seek FERC Investigation Of Power Market Pricing

A coalition of 41 organizations representing electricity consumers has asked the Federal Energy Regulatory Commission (FERC) to investigate wholesale power markets. The group charges regional transmission organizations (RTOs) with creating excessive wholesale power prices, allowing some large utilities to earn "supracompetitive returns". The coalition represents chemicals, paper, steel, and other industries, municipal governments and consumer advocates.
Dow Jones Energy Service, 17/12/07

Senate Votes To Expand Regulation Of Electronic Energy Markets

The US Senate has voted unanimously to extend government regulation to electronic energy markets for large traders. If the House of Representatives follows suit, the legislation would give the US Commodity Futures Trading Commission new powers that it recently requested, to prevent market manipulation and to make electronic energy markets more transparent.
Trading Markets, 14/12/07

US Department Of Energy To Reconsider Electricity Transmission Orders

The US Department of Energy (DOE) has announced that it will reconsider its October order creating "national interest electric transmission corridors" (NIETCs) in the northeastern and southwestern United States. The order applied to eight northeastern and two southwestern states, designating large areas as "energy congested" and requiring more electric transmission capacity. The reconsideration does not reverse the decision to create the NIETCs, but will give more time to consider matters raised in rehearing requests, according to the DOE.
Pittsburg Post-Gazette, 5/12/07, DOE Docket number 2007-OE-01, 3/12/07

Mexico

Gas Tariff Methodology Approved

Mexico's Energy Regulator, CRE, has released a Directive on the determination of regulated activities tariffs in the gas sector. This is aimed at avoiding discriminatory access and promoting competition. The Directive sets the methodology for setting prices caps on gas transmission, storage and distribution. In addition, the Henry Hub replaces the Houston Ship Channel as the reference for setting gas tariffs in Mexico.

Agencia Mexicana de Noticias, 28/12/07; El Financiero, 11/12/07

Approved New LPG Regulation

The Mexican Energy Secretary released the new regulation on Liquefied Petroleum Gases, LPG, aimed at enhancing efficiency and transparency. This regulation sets the procedure for the sale of LPG by Pemex to distributors, introducing the possibility of direct purchases from Pemex, the sale of LPG in mini-tanks and clear tanks.

Business News Americas Oil & Gas News, 5/12/07;
Agencia Mexicana de Noticias, 5/12/07

Central And South American News

Argentina

Launch Of Energy Efficiency Programme

The Argentine government has launched an energy efficiency programme in order to reduce power consumption in the public sector. The programme includes measures such as moving clocks ahead by one hour from 30 December, replacing outdated bulbs in public lighting, and raising thermostat levels on air conditioning.

La República, 30/12/07; Business News Americas, 21/12/07

Argentine Government Signs Agreements With Ecuador And Uruguay

At the beginning of the month, Argentinean and Uruguayan authorities signed an agreement to develop a LNG regasification plant in Uruguay. This plant will provide 50% of the initial capacity of 10,000 m3/d to each country. In addition, at the end of the month, the Argentine federal planning minister and Ecuador's energy minister signed an energy cooperation agreement intended to promote the participation of state companies in the study and development of generation projects.

Business News Americas, 18/12/07; Business News Americas, 7/12/07

Brazil

Ministry Publishes Dates For Power Auctions In 2008

Brazil's mines and energy ministry has published the dates for the power auctions to be held by ANEEL, the energy regulator. The auction for deliveries of biomass-fired generation starting in January 2010 will take place on 15 April, while auctions for power projects with deliveries in 2011 and 2013 will take place on 16 and 17 July, respectively.

Business News Americas, 5/12/07

Regulator Approves Distribution Tariff Decrease

The Brazilian energy regulator, ANEEL, has approved a decrease in electricity tariffs for consumers of Empresa Energética do Mato Grosso Do Sul (Enersul), the distribution company operating in the Western state of Mato Grosso. Tariffs for low voltage consumers will decrease by 7.12%, while tariffs for high voltage consumers will decrease by 5.54% on average.

www.aneel.gov.br, 4/12/07; *Valor+News, 4/12/07*

Colombia

Government Postpones Privatization Of Power Companies

Colombia's government has postponed the auction for the privatization of five power companies due to legal actions that block the sale of one of the companies. The auction, which was intended to sell stakes in five regional power utilities, was scheduled for 15 December and the government is planning to hold it once the legal problems are solved.

Global Daily Analysis, 19/12/07; Business News Americas, 18/12/07

Peru

Ministry Authorizes Andean Power To Develop Carhuac Hydro Project

The Peruvian energy and mines ministry has authorized generator Andean Power to develop the Carhuac hydro project. The 20MW plant will be built in Huarochirí province, in the central western department of Lima.

www.andina.com.pe , 30/12/07; *Business News Americas, 31/12/07*

Asia Pacific News

Australia

Premier Responds To Owen Inquiry Into Electricity Supply In NSW

The New South Wales Premier Morris Iemma responded to the Owen Inquiry report into electricity supply in NSW by accepting its key recommendations. Money will be raised to secure electricity supply in the future by leasing the existing electricity generators to private operators, whilst a new generator will be built by the private sector. The state-owned companies will keep their "poles and wires" assets in government ownership while their retail functions will be sold off. IPART will have a role in price regulation for households and small businesses until 2013 or until there is effective competition in place to keep retail prices in check.

NSW Government, Department of Water & Energy Media Release, 12/12/07; Australian Financial Review (abstract), 11/12/07; Daily Telegraph, 11/12/07; Sydney Morning Herald, 11/12/07, 10/12/07; Asia Pulse, 10/12/07

Energy Bills To Increase By Up To 17% In Victoria Next Year

The Government of Victoria announced that prices for electricity will rise up to 17% next year as drought raised the cost of generation. Gas prices could also rise up to 7%. This could mean a rise of A$ 160 on an average bill.

Sydney Morning Herald, 12/12/07; Australian Financial Review (abstract), 1/12/07; Australian Broadcasting Corporation (ABC) News, 30/11/07

South Australia Electricity Bills To Rise

The annual bill for electricity will rise next year about 6.8% (or A$ 50) for standard contract customers in South Australia, according to the Essential Services Commission's "2007 Electricity Standing Contract Price Path Inquiry Price Determination". This price increase is due in the main to drought conditions reducing supplies of hydro-electric generation.

Essential Services Commission of South Australia, Media Release, 30/11/07; Australian Broadcasting Corporation (ABC) News, 30/11/07

China

China Publishes Draft Energy Law

China has released a draft of its planned energy law, designed to provide a unified strategy for the industry. The draft law would require the country to keep larger reserves of oil, uranium, and other key resources and would pave the way for a new government department. Beijing lacks a dedicated energy ministry, and disparate energy policies are viewed as one factor behind recent fuel shortages, price gouging, and other problems. The draft law includes no measures to curb greenhouse gas emissions.

Associated Press, 4/12/07; Dow Jones Business News, 4/12/07

Fuel Shortage Triggers Rationing

The southwest region of China has experienced a shortage of gasoline and filling stations have implemented rationing to combat the problem. Fuel ran short in Yunnan province after a pipeline used to deliver gasoline was switched to carrying diesel in response to a shortage of diesel. The shortages have highlighted China's soaring fuel consumption. Guangdong province experienced a shortage of diesel in November.

Dow Jones International News, 18/12/07; Associated Press, 18/12/07

India

DVC Allowed To Recover Pension Costs

After a more than two-year legal battle over Damodar Valley Corporation's (DVC) power supply tariff, the Appellate Tribunal for Electricity has upheld the tariff sought by DVC. DVC went to the Tribunal in October 2006 to challenge an order from the Central Electricity Regulatory Commission (CERC), requiring a cut in power tariffs for the period 2004-09. The case arose because the regulator had allowed DVC to recover only 60% of its pension costs. The Tribunal reversed the CERC order and held that DVC can recover the entire amount through tariffs.

Business Line (The Hindu), 8/12/07

Unscheduled Interchange Rates May Increase Again

The Central Electricity Regulatory Commission (CERC) has proposed to increase the Unscheduled Interchange (UI) rates—the price that states pay for drawing power from the grid when it runs on low frequency—from the existing Rs 7.45/kWh to Rs 10/kWh (from US$0.19/kWh to $US0.25/kWh) in an attempt to deter the 12 northern states from overdrawing from the grid. The UI rate increase would be the second in a year that the CERC has imposed.

CERC Public Notice, 21/12/07; Hindustan Times, 6/12/07

Companies To Keep Power Tariffs Constant

The four major power distribution companies in Andhra Pradesh have not requested any tariff increase for the fiscal year 2008-09 in their Aggregate Revenue Requirement (ARR) and Filing of Proposed Tariff (FPT) to the Andhra Pradesh Electricity Regulatory Commission (APERC). The current average tariff for domestic consumers has remained at Rs 2.35/kWh (US$0.06/kWh) for the last few years.

Business Line (The Hindu), 1/12/07

Indonesia

Pertamina Retains Oil Product Monopoly

Indonesian state-owned energy company Pertamina will retain its near-monopoly right to supply subsidised oil products to the domestic market. For the first time in 2008, firms other than Pertamina were allowed to bid for fuel distribution rights. However, the downstream regulator BPH Migas said that foreign bids had failed because the firms did not meet all the qualifying conditions or lacked the necessary local infrastructure, such as storage facilities. The Indonesian government slashed fuel subsidies in 2005 because the scheme was becoming too costly.

International Oil Daily, 28/12/07; Datamonitor News and Comment, 28/12/07

Indonesia To Restrict Coal Exports

The government will restrict annual coal exports from 2009, applying a maximum quota of 150 million tons per annum until 2025. The move is an attempt to secure reserves for domestic demand, which is expected to rise in coming years, partly as a result of greater use of the fuel in electricity production. However, coal industries are worried the policy will trigger illegal coal exports and increase international coal market prices.

Bisnis Indonesia, 5/12/07; Asia Pulse, 5/12/07

Philippines

Chinese Consortium Wins Auction of Philippine Power Grid

A consortium including China's State Grid Corp has won the auction for a 25-year license to run the Philippine power grid, having submitted bid for a US$3,950 million. The sale is the biggest privatisation in the country's history. Political uncertainties and unpredictability of profits had delayed sale efforts, but a new tariff system for Transco has enabled the sale to take place. The grid needs about US$850 million in investment over the next five years for upgrades and expansion.

Reuters News, 12/12/07; AFX Asia, 12/12/07

Manila Air Quality Improves

The Department of Environment and Natural Resources has published data indicating that air quality in Manila has improved during the four months since introduction of a requirement that fuel contains a minimum proportion of biofuel. The law requires a 1% biodiesel blend, which will rise to 5% within two years and then to 10% in four years' time.

Manila Times, 5/12/07; BusinessWorld, 20/12/07

Power Plant Bidding Delayed

The Power Sector Assets and Liabilities Management Corp. (Psalm), the Philippines' power sector privatisation agency, has postponed the sale of two power plants with a combined capacity of 340MW. Psalm attributed the delay to changes in the transaction documents for the 192.5MW Palinpinon geothermal plant and 146.5MW Panay diesel plant. The changes relate to the proposed steam sale agreement at the Palinpinon geothermal facility.

BusinessWorld, 6/12/07; Dow Jones International News, 5/12/07

Thailand

Thai Government Agrees Plan to Take Back PTT Assets

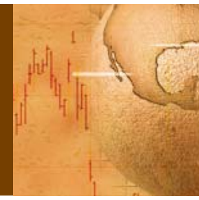
The Thai cabinet approved a plan under which energy group PTT will transfer the ownership of gas pipelines and land valued at about US$491 million to the government, to comply with a court ruling that they were national assets that should not be held by a private company. The ruling follows the part-privatisation of PTT in 2001. The transfer only relates to pipeline segments built on land "expropriated" by the state prior to PTT's 2001 partial privatisation, amounting to around 15% of PTT's pipelines. The company will now have to pay rental fees for the assets transferred back to the government.

Bangkok Post, 22/12/07, Financial Times, 19/12/07

Energy Act Becomes Law

Thailand's new Energy Industry Act has entered into law. It will enable the energy ministry to set up an independent regulator to oversee the gas and power sectors. A ministry official said that "The main feature of the act is to separate the regulatory function from the energy ministry. The ministry will formulate policy, but the regulator will oversee its implementation. For example, the regulator will oversee power tariffs, pipeline tariffs, and the bidding for independent power projects." The ministry will set up a regulatory body comprising seven members within 180 days.

International Gas Report, 17/12/07; Dow Jones International News, 11/12/07



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