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European News

UK:

National Grid Electricity System Operator Incentive

National Grid Electricity Transmission (NGET) rejected Ofgem's proposals for the system operator incentive scheme for its external costs to be applied for April 2006 and March 2007. NGET incurs "external costs" to keep the system in balance by buying and selling electricity. Ofgem sets cost targets and if NGET beats the targets it retains a portion of the savings, but if it underperforms against the targets it must pay a portion of the costs. Ofgem offered either a lower cost target which would allow NGET to retain a larger percentage of savings or to pay a smaller proportion of the costs, or a higher target which would decrease the proportion of potential savings and increase NGET's exposure to costs. Ofgem must now decide whether to refer the matter to the Competition Commission or to regulate NGET's costs for the next year using its existing powers.

Ofgem Press Release, 29/3/06, 2/3/05;

Ofgem To Remove Barriers To Microgeneration

Ofgem will chair an industry forum it has set up to identify barriers preventing the growth of microgeneration and to develop solutions to remove any barriers.

Ofgem Press Release, 28/6/06

The Northern Ireland Authority For Energy Regulation Seeks Views On The Energy Efficiency Levy

The Northern Ireland Authority for Energy Regulation (the Authority) has issued a consultation paper on the Northern Ireland Energy Efficiency Levy (the Levy). The Levy aims to help alleviate fuel poverty, provide energy and carbon savings and deliver customer benefits. The Authority is inviting views on whether or not the levy should continue and, if so, in what form and for what purpose (energy efficiency and fuel poverty or energy efficiency and carbon savings).

Ofreg Press Release, 27/3/06

Ofgem Approves Marginal Pricing

Ofgem approved proposal P194 to modify the Balancing and Settlement Code (BSC), which sets the prices for imbalances in electricity trading. Since 2001, the BSC has set imbalance prices equal to a volume-weighted average of prices for offers and bids accepted by the system operator. The system operator was concerned that this rule understated the value of electricity at peak times. P194 restores the previous principle of setting prices for imbalances by reference to marginal costs—specifically the prices for the most expensive (or cheapest) 100 MWh of offers (or bids) accepted by the system operator.

Ofgem website, 23/3/06

UK Grain LNG Shippers Plan New Capacity Release Arrangements

BP and Sonatrach, owners of priority rights at the Isle of Grain LNG import terminal, are planning to offer new third party access arrangements. They are obliged to allow others to use unused space at the terminal but there are concerns that current booking arrangements are not effective. As a result Ofgem had threatened to revoke the priority booking arrangement currently in place.

Platts Commodity News, 22/3/06

Ofgem Seeks To Protect Vulnerable Customers

Ofgem published a document asking how to revise gas and electricity supply licence conditions which protect vulnerable customers. Meanwhile, local electricity network operators are being urged to enter an Ofgem award scheme recognising best practice in meeting and exceeding their obligations to help vulnerable customers. The scheme will make available a total of £1 million across all fourteen DNOs for each year of the current distribution price control period.

Ofgem Press Release, 15/3/06, 7/3/06

Austria:

Electricity Customers Fail To Switch

A recent report by the Energy Regulatory Office E-Control found that Austrian electricity customers forfeit potential savings of €150 million per year because they do not switch to the cheapest available supplier. With an average annual consumption of 3500 kWh, a household customer of EVN could save €70 by switching. The equivalent savings potential is €67 for Wienenergie, €63 for Steweag-Steg, €58 for Energie AG Oberösterreich, €56 for Kelag, €48 for Bewag, €40 for the Vorarlberger VWK and €24 for Tiwag.

Salzburger Nachrichten, 16/3/06

Agreement On Austrian Electricity Solution

Austria's Verbund and the partners of EnergieAllianz (EVN, Wein Energie, Energie AG Oberösterreich, Linz AG and Bewag) agreed on the terms of the formation of the "Austrian electricity solution", a merger of their trading activities and power sales to big power users, allowing the Verbund continued access to the final customer market. The Energy Regulatory Office E-Control is now assessing how the proposed "electricity solution" will affect competition in the electricity market.

Reuters, 4/3/06

Belgium:

Energy Regulator Considers Suez-GdF Merger Raises Competitive Concerns

At the request of the Belgian government, the Belgian Energy Regulator, Commission de Régulation de l'Electricité et du Gaz (CREG), issued a consultative report on the proposed merger between French utilities Gaz de France (GdF) and Suez. The merging companies are active in the Belgian electricity and gas markets through their stakes in electricity generators Electrabel and SPE, network operators Elia and Fluxys, and gas distributor Distrigas. CREG believes the merger could have serious consequences for competition and that it should only be approved if GdF and Suez (through Electrabel) divest significant assets.

Les Echos, 13/3/06; Financial Times, 10/3/06

Flemish Regulator Report Praises Deregulation

The Flemish energy regulator, VREG, has published its annual survey on electricity and gas prices in the region, whose energy markets were fully liberalised on 1 July 2003. VREG concludes (1) that customers in the Flemish region pay less for electricity and gas supply than consumers in Wallonia or Brussels and (2) that deregulation also benefited the 40% of all consumers who remain with the default supplier.

Power in Europe, 13/3/06

Bulgaria:

Bulgargas Threatens To Terminate Supplies To Indebted Heating

Bulgargas, currently owed US$155 million by customers, has threatened to terminate gas supplies to its debtors. The debts of heating utilities account for US$75 million of the debts and one utility alone owes US$50 million. Meanwhile, Bulgargas has proposed an increase in the natural gas price of 2.11%.

PARI Daily, 23/3/06

Court Clears Greek Co's Buy Of Major Bulgaria Power Plant

The Bulgarian Supreme Court reversed a government decision to stop the privatisation of Bobov Dol, the coal-fired power plant, allowing it to be bought by Greek utility, Public Power Corp (PPC). PPC offered US$125 million for the plant last April. The privatisation agency (PA) cancelled the planned sale, saying all the offers were unsatisfactory, following a week-long miners' protest against the deal. PPC challenged the PA's decision and the Supreme Administrative Court ruled that the Greek company's offer was not unsatisfactory, because it was backed up by independent assessments of the plant's market value.
Dow Jones International News, 15/3/06

European Union:

Commission Issues Energy Green Paper

The European Commission has published a new Green Paper on energy policy in the European Union (EU). This European energy policy would have three main objectives: competitiveness, sustainability (in particular, by achieving 20% energy savings in 2020) and security of supply. The Green Paper proposes the creation of a European energy regulator. The EC also recommends the development of a common external energy policy that will guide the principles of energy supply contracts with countries outside the EU. This last proposal has already received the support of the Heads of State and Government at the last EU Summit.
El País, 25/3/06, 9/3/06, 8/3/06; Cinco Días, 9/3/06

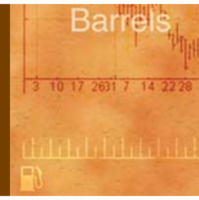
EU Commission To Analyse E.ON Bid For Endesa

The European Union (EU) Commission will assess the impact on competition in energy markets of E.ON's proposed takeover of Endesa. Under the European Union merger regulations the Commission has twenty five working days to decide whether the operation raises any competitive concern. The first decision of the Commission is expected by 25 April 2006.
EU Energy, 24/3/06

France:

Regulator Issues VPP Proposal

The French energy regulator, Commission de Régulation de l'Énergie (CRE), has issued proposals for the Virtual Power Plant auctions (VPPs) conducted by Électricité de France (EDF) to be held from 2007. The European Union Commission required EDF to sell VPPs when it acquired German EnBW, the original obligation lasting until 2006. However, CRE believes that, given the current level of concentration in the French electricity market, VPPs should not only be extended but should apply to twice the original power offered, i.e. 12,000 MW.
Platts Commodity News, 27/3/06; CRE Press Releases, 26/3/06



Industry Minister Presents Draft Regulations On Nuclear Waste

On 22 March 2006, the French Industry Minister presented to the Council of Ministers the draft regulations on management of nuclear waste in France. These regulations contain a national plan for management of nuclear waste funded by two new taxes on nuclear installations. In addition, under the new regulations nuclear generators, which account for around 80% of the electricity consumed in France, must make provisions to cover the decommissioning costs of their facilities.

News Press, 23/3/06

Government Approves 5.8% Gas Tariffs Increase

The French Government approved an average 5.8% increase in full-service gas tariffs for customers of the French incumbent Gaz de France (GdF). The new tariffs, which enter into force on 1 April 2006, seek to reflect the most recent increases in oil prices and are based on a report by an independent commission. GdF had applied for an 8.1% increase and considers the new tariffs insufficient to cover the costs of gas supply.

Le Monde, 23/3/06; Agence France Presse, 22/3/06

Germany:

Federal Energy Regulator Does Not Approve Tariff Submissions

The Federal Energy Regulator (Bundesnetzagentur) has not so far approved a single application from an electricity company for determination of its tariffs. Most submissions are incomplete or otherwise fail to comply with regulatory requirements.

Süddeutsche Zeitung, 31/3/06

Lack of Competition In Gas Markets

To avoid an inquiry into their pricing behaviour by the Federal Cartel Office (Bundeskartellamt), seven major German gas suppliers had offered in February 2006 to enable household customers to switch suppliers from 1 April 2006. However, it now looks unlikely that the companies will stick to this timetable.

Financial Times Deutschland, 30/3/06

Ireland:

CER Wrong On Prices—Report

A report commissioned by the renewable energy group Airtricity questioned whether the high wholesale electricity prices experienced late last year were caused solely by higher fuel costs. The report suggests that the Commission for Energy Regulation failed to consider other factors which might have pushed up prices, including poor availability of ESB stations.

Irish Times, 27/3/06

New Bill Will Open Up Gas Market For Homeowners

A new draft Energy Bill will enable residential gas customers to benefit from competition in the market by the end of this year and will facilitate the creation of an all-Ireland electricity market by next summer. The new Bill also gives greater power to the energy regulator to prevent independent operators charging prices far in excess of normal market rates at times of constrained supply, such as when an ESB power station is forced to shut down for maintenance.

Irish Independent, 10/3/06

ESB Told To Transfer Green Energy To Rivals

The energy regulator has told ESB to auction a large amount of its green energy, derived from small wind farms. Companies like Airtricity, Bord Gáis and Energia, the sales arm of Viridian, are likely to take up some of the 183 megawatts to be put up for auction.

Irish Times, 7/3/06

Italy:

Further Increase In Electricity And Gas Tariffs

Electricity and gas tariffs for residential users will increase in the next quarter by 5.7% and 2.1% respectively, owing to high oil prices that have caused an increase in gas prices and to the gas emergency in past months, which caused the Government to oblige dual-fuel plants to generate electricity using fuel oil instead of natural gas.

Il Sole 24 Ore, 29/3/06

Change In Indexation Of Gas Price

The Consiglio di Stato, the Italian supreme administrative court, has confirmed the change in indexation of gas prices that AEEG, the Italian regulator, put in place at the end of 2004 to smooth the impact on gas prices of increases in the prices of oil and oil derivatives.

AEEG web site, 22/3/06

New Proposals On Unbundling

AEEG has launched a new consultation document that includes proposals to supplement the unbundling rules already in place. New proposals aim at (i) increasing neutrality in management of infrastructures essential to market development (transmission and distribution networks, storage and regasification facilities and metering); (ii) developing a transparent and non-discriminatory system for managing information essential to the development of competition; (iii) eliminating cross-subsidies between activities; and (iv) having homogeneous and detailed information on the economic, cost and financial situation of energy companies.

AEEG web site, 16/3/05

Netherlands:

Draft Decisions On X-Factor And Standard Volumes For TenneT In The Third Regulatory Period

The Steering Council of the Dutch Competition Authority issued a draft decision on the efficiency term (x-factor) and standard volumes (tariff basket weights) for TenneT, operator of the national high voltage electricity network, in accordance with article 12f of the Electricity Law 1998. The draft decision was subject to a later correction.

DTe website, dossier 102135, 27/3/06 and 10/3/06

Draft Decisions on X-factor, Standard Volumes And Q-Factor For Electricity Distributors In The Third Regulatory Period

The Steering Council of the Dutch Competition Authority issued a draft decision on the efficiency term (x-factor), standard volumes (tariff basket weights) and quality term (q-factor) for electricity network price controls, in accordance with article 41 of the Electricity Law 1998. Affected parties have until 19 April 2006 to react.

DTe website, dossiers 102282 102106 and 101712, 8/3/06

Portugal:

AdC To Investigate Gas Natural/Endesa Takeover Bid

The Portuguese antitrust authority, Autoridade da Concorrência (AdC), has decided to take its examination of the Gas Natural/Endesa takeover bid into the second phase where the operation will be analysed in depth. The AdC has concluded that the deal could give rise to a dominant position in the future Iberian electricity market, Mibel, which is expected to start operation in July 2006. Although Endesa has a limited presence in Portugal, AdC's concerns relate to the competitive situation of the future Mibel.

Diário Económico, 22/3/06; Cinco Días, 22/3/06

Gas Assets Transfer To REN To Be Approved

The Portuguese government has missed the 31 March deadline set by the European authority for transferring the natural gas transportation assets from Galp to REN. After the transfer REN is expected to jointly manage gas and electricity transportation and transmission facilities, while Galp will be focused on the gas and electricity wholesale and retail activities.

Diário de Noticias, 13/3/06; Diário Económico, 9/3/06

Significant Tariffs Increases For Domestic Customers From 2007

The Portuguese energy regulator, ERSE, has declared that tariffs for domestic customers will increase considerably in 2007, following abolition of control that limited tariff increases for domestic customers to the rate of inflation. A 14.7% rise is necessary to pay for all costs, compared to the expected inflation of 2.3% in 2006.

www.negocios.pt, 7/3/06

Romania:

Romania Picks Five EU Firms In Power Company Sale

Five EU-based power firms—RWE Energy, Gaz de France, CEZ, Enel and Iberdrola—have been short-listed in the sale of electricity distributor Electrica Muntenia Sud, valuing a stake of around two-thirds at over US$904 million. Romania has already sold four out of eight units of Electrica to CEZ, E.ON and Enel for around US$450 million.

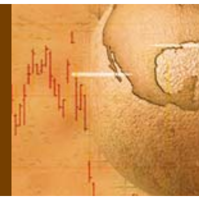
Reuters News, 6/3/06

Spain:

EC To Investigate Spain For Modifying Energy Regulator Functions

The European Commission, EC, is due to start an infringement proceeding against Spain for increasing the powers and the scope of the Spanish Energy Regulator, Comisión Nacional de Energía (CNE), in mergers and acquisitions. Under new legislation, energy sector mergers and acquisitions will need prior approval by the CNE to ensure that the deal does not affect the performance of regulated activities. The prior assessment by CNE will be based on new criteria including the concept of public interest.

El Mundo, 29/3/06; El País, 29/3/06; Cinco Días, 29/3/06



The Spanish Energy Regulator To Have Additional Network Supervision Powers

The Spanish Government will grant the Spanish Energy Regulator, Comisión Nacional de Energía (CNE), new tasks including supervising the management of interconnection capacity with France, Portugal and Morocco, checking whether transmission and distribution system operators are complying with their duties, and monitoring conditions and final prices.
Gaceta de los Negocios, 13/3/06

Separation Between Electricity Liberalised And Regulated Activities

A draft bill intends to separate liberalised and regulated activities in the electricity sector. Holding companies will not be able to give instructions to their regulated affiliates on their day-to-day management, only to supervise them, ratify their annual financial plan and fix leverage limits. The draft bill also tries to facilitate the change of supplier by creating a registry office with the consumption data of all electric customers.
Gaceta de los Negocios, 3/3/06

Switzerland:

Government Favours Independent Nuclear Energy Regulator

The federal government proposed to set up a new independent regulator for the nuclear power sector. This regulator would replace the existing nuclear surveillance unit, HSK, which is part of the national energy agency SFOE and the federal energy and environment ministry.
Platts—EU Energy, 24/3/06

Turkey:

Politicians Expected To Take Final Stance On Tupras Tender And Tupras Sticking To Investment Plan Despite Court Challenge

The Turkish Privatisation Administration (PA) has announced that the High Board of Privatisation (PHB) headed by the Turkish Prime Minister will rule on the sale of oil refiner Tupras. The PHB is required to approve all privatisations before the share transfer is completed. The workers' union Petrol-Is announced that it would apply to the court and the EU Human Rights Court regarding the privatisation of Tupras.
Turkey Sectors and Companies Today, 30/3/06; Emerging Markets Daily News, 14/3/06

Privatisation Of Electricity Distribution Companies May Start In April

The Energy Market Regulation Board has said that tenders for the privatisation of electricity distribution companies could be launched from April or May although the final decision will be taken by the Privatisation Administration. The government plans to transfer the electricity distribution companies operations in 20 regions.

Turkey Today, 9/3/06

North American News

US:

Utilities Face Financial Squeeze, Agencies Warn

Most of the Washington-area power companies are facing a downgrade of their credit ratings because the Maryland legislature is proposing roll back rate increases of 40 to 72 percent. So far, the legislature has not tampered with rate increases scheduled for this summer, but it has passed bills to replace Public Service Commission members who approve rate increases and to halt a planned purchase of Constellation Energy Group, parent company of Baltimore Gas and Electric Co., by FPL Group, a Florida power company.

Knight Ridder/Tribune Business News, The Washington Times, 5/4/06

Winter Warmth Eases Gas-Cost Pains; Enbridge Trims Price 18% from 1 April; Average Household Will Save US$250

Enbridge Gas Distribution has cut its residential natural gas rates by 18%, from 41.2 cents per cubic metre to 33.8 cents per cubic metre, as a result of warmer than expected winter weather. The new rates took effect on 1 April. Enbridge will also refund customers US$27, in the form of a price cut of 1.6 cents per cubic metre for the next nine months, reflecting lower than forecast prices for gas.

Toronto Star, 28/3/06

North Carolina Regulators OK Duke Energy Buy Of Cinergy Corp

Subject to more than 70 conditions, North Carolina utilities regulators approved Duke Energy Corporation's purchase of Cinergy Corporation, a US$9,000 million deal that will create one of the nation's largest public utilities. The company had already received regulatory approval from the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, and regulatory bodies in Ohio, Indiana, Kentucky, and South Carolina.

Dow Jones & Company, Inc., 24/3/06

Regulators Scrutinise Detroit Edison's Electricity Rates

Michigan electricity regulators asked Detroit Edison, the regulated utility subsidiary of DTE Energy Inc., to explain why the company shouldn't lower its electricity rates. The commission allows Detroit Edison to earn an 11% return on its investments. The company recently decided to cut 2,000 people from its workforce by 2008, which will probably lower the company's costs and increase its return above the authorised level. The commission will hold a conference on 25 April to discuss the issue, and Detroit Edison must file documents defending its rates by 1 June. The commission expects reply briefs to be filed by 13 November.

Dow Jones & Company, Inc., 24/3/06

States Win Suit to Stop New EPA Regulations

A federal appeals court sided with 14 states and blocked the Environmental Protection Agency from allowing older power plants, refineries and factories to make major modifications without installing the most advanced pollution controls, even if the changes produces more smokestack emissions. The U.S. Court of Appeals in Washington ruled that the EPA's changes violated Clean Air Act, and that any such change can be authorised only by Congress.

The Associated Press, 17/3/06

BPU Seeking Better Way To Buy Electricity

The New Jersey Board of Public Utilities voted to have its staff explore alternatives or modifications to its annual electricity auction after this year's bidding resulted in rate increases for 12-14% for state residents. The decision comes six weeks after the BPU approved results from this year's auction. The auction, which started in 2002, is used to meet the electric demands of customers who have not selected an alternative electric supplier—still nearly every residential customer.

The Record, 17/3/06

Gas-Pipeline Bill Slips Through Panel Critics Blast Maneuver To Aid AGL

The Atlanta Gas Light pipeline bill was passed recently by the Senate's utilities and industry committee, after many opponents of the bill had left the proceedings. The bill allows the state Public Service Commission to set up procedures that allow construction of a US$300 million pipeline, with the costs collected from Georgia residential and small-business customers. This approach is more generous than for other utilities in the state and may constrain the PSC's ability to consider alternative and possibly cheaper options.

The Atlanta Journal—Constitution, 16/3/06

Regulators To Investigate Xcel Outages During Cold Snap

The Colorado Public Utilities Commission is to investigate Xcel Energy, after it triggered controlled power outages for about 300,000 customers during a cold snap earlier this year.

Associated Press Newswires, 16/3/06

Initial Decision Of Administrative Law Judge Supports Kern River's Depreciation-Sensitive Levelised Rate Methodology But Recommends Significant Alterations To The Rate Components

An Initial Decision issued by FERC Administrative Law Judge Charlotte Hardnett has endorsed the unique "depreciation-based" levelised rate methodology, under which Kern River Gas Transmission Co. rolls in costs of various project expansions, such as a 2002 expansion of natural gas compression. However, she concluded that major changes to cost calculations and allocations are required before the method can be accepted as just and reasonable.

Foster Natural Gas Report, 10/3/06

Montana Regulators Discuss Undoing Power Deregulation

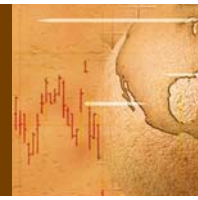
The Montanan Public Service Commission told its staff to enter into talks with NorthWestern Energy about rewriting or repealing the state's nine-year-old deregulation law. The move puts into motion a long process that supporters hope could lead to a "vertically integrated" utility that sells electricity to consumers at cost-based prices—like Montana once had with the old Montana Power Co.

The Associated Press, 8/3/06

Peoples Energy Suit Resettled, still US$100 For Each Customer: US$50 Likely In 30 Days, US$50 More In A Year For Overbilling

The Illinois Commerce Commission has agreed a settlement with Peoples Energy which refunds money to its customers for alleged overbilling between 2000 and 2004 and settles lawsuits against the utility company filed by the attorney general and the city.

The Chicago Sun-Times, 7/3/06



Canada:

Ontario to Set Standard Price For Power From Renewable Energy Projects

Ontario is setting a standard price for clean, renewable electricity that will make it easier for entrepreneurs and businesses to sell clean power from small projects to the grid. Until now, it was too costly and complex for small, renewable power producers—such as farmers, rural landowners, community groups, First Nations, business owners or municipalities—to sell their energy to the grid. Through Ontario's Standard Offer Program, the government will set a fixed price for small renewable energy projects.

Canada NewsWire, 21/3/06

Central and South American News

Argentina:

Government Progresses Public Service Contracts Renegotiation

The Argentinean Government is renegotiating the public service contract with the Buenos Aires gas distributor, Gas Natural Ban (GNB). GNB would commit to invest ARS 44 million (US$ 14.5 million) and accept a 15% and 27% increase in full-service electricity tariffs for residential and for commercial and industrial clients respectively. Nevertheless the government seems to be reluctant to allow the tariff increase for residential clients (see January GERN issue).

El Cronista, 13/3/06

Bolivia:

Bolivia's President Approves Full-Service Electricity Tariff Reduction

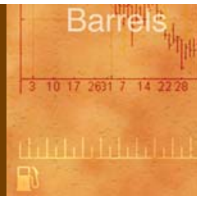
Bolivia's President, Mr. Morales, has enacted a decree that introduces a social tariff for the poor. The social tariff will be 25% lower than the full-service electricity tariffs and will benefit customers from Electropaz, Elfec, CRE, Sepsa and Cessa that have a monthly consumption below 70 kWh and electricity customers from other companies with a monthly consumption below 30 kWh.

Business News Americas, 22/3/06; Agence France Presse, 21/3/06

Government To Nationalise Natural Resources By 12 July

Mr. Morales, the Bolivian President, has confirmed that Bolivian natural resources will be nationalised by 12 July. In addition, he has promised to step up state control in all key industries, specifically by taking a majority stake in energy companies Petrolero Chaco and Petrolero Andina.

National Post, 22/3/06; Emerging Markets Daily News, 8/3/06



Brazil:

New Energy Auction Scheduled For 12 June

The Brazilian Government has scheduled the first 2006 electricity capacity auction for 12 June. The Government expects to offer 184 projects with combined capacity of 14,000 MW. The new energy auction will include mainly thermoelectric plants, and some small—and medium-scale hydroelectric plants. Electricity from new plants will be sold in 15-year contracts (for thermal plants) and in 30-year contracts (for hydro plants) with delivery starting by 2009.

Business News Americas, 28/3/06, 22/3/06, 21/3/06, 20/3/06; Latin America News Digest, 23/3/06;

Government To Auction Electricity Transmission Lines

The Brazilian electricity regulator, Agência Nacional de Energia Eléctrica (ANEEL), plans to auction contracts to build and operate transmission lines for a total length of 3,375 km in two separate auctions, in May (2,245 km) and August (1,130 km).

Business News Americas, 28/3/06; Latin America News Digest. 20/3/06

Government To Launch Two New Energy Auctions For The Second Half Of 2006

The Brazilian energy research company, Empresa de Pesquisa Energética (EPE), plans to launch two new energy auctions for the second half of 2006. Power plants participating in these auctions are to start operations by 2011. One of these auctions may be dedicated exclusively to the Rio Madeira hydroelectricity complex in the Tocatins river (central Brazil), a project consisting of two generation plants with combined capacity of 6,500 MW, about 13% of Brazil's total capacity.

Business News Americas, 28/3/06; Latin America News Digest, 14/3/06; Dow Jones International News, 13/3/06

Brazilian Congress To Discuss Natural Gas Bill

The Brazilian Government has put a draft bill before Congress that foresees new concessions for construction of gas pipelines. The Government would decide on a case-by-case basis whether to auction or simply to authorise the concessions. This bill competes with an alternative gas draft bill submitted by another party that requires concessions to be auctioned.

AE Brazil, 8/3/06

Chile:

Department Stores Could Become Electricity Retailers

Chilean department stores could be allowed to act as electricity retailers. This measure would require changes in the regulatory framework that came into effect May 2005.

Business News Americas, 17/3/06

Panama:

Government Announces Full-Service Electricity Tariff Increase

The Panamanian President, Mr. Martín Torrijos, has announced that full-service electricity tariffs will increase by 9%. Nevertheless the President has guaranteed that residential consumers with monthly consumption below 200 kWh will continue to be subsidised. Mr. Torrijos based its decision on the report of the Energy Saving Commission, Comisión Nacional de Ahorro Energético (CONAE). CONAE's report said that an increase above 15% was not justified and recommended that the date for the new tariff regulatory framework, which should come into effect on 1 July, should be deferred until 2007.

Business News Americas, 29/3/06; CONAE, 27/3/06; Agencia EFE—Servicio Económico, 27/3/06; Agencia Mexicana de Noticias, 17/3/06; Global Insight Daily Analysis, 15/30/06

Asia Pacific News

Australia:

Commission Rejects Envestra's Revisions

The Essential Services Commission of South Australia issued a draft decision rejecting Envestra's proposed revisions of the access arrangements of the South Australian gas distribution system. Its primary concern related to Envestra's proposal to increase haulage reference tariffs by 5.9% per year above the CPI. The decision estimates that increases consistent with national guidelines would be 0.3% per year above the CPI.

www.escosa.sa.gov.au 28/3/06

WA Regulator Denies Approval Of Proposed Access Arrangement

Western Power's proposed access arrangements to its South West interconnected system of electricity networks have been rejected by the Economic Regulatory Authority in a draft decision. The Authority accepted the asset base and expenditure forecasts submitted by the company, but considered the proposed WACC of 7.3% to be excessive, nominating 6.0% as a reasonable return. The Authority also raised concerns regarding Western Power's reference services, service standard benchmarks and price lists.

www.era.wa.gov.au, 21/3/06

AER Delivers Final Decision On Directlink

The Australian Economic Regulator has released its final decision regarding conversion of the Directlink interconnector to a regulated service, confirming its preliminary approval. The initial regulatory asset base remains unchanged at A$116.68 million (US$83.54 million) and a nominal WACC of 8.32% has been set based on recent rates. The revenue cap decision covers the ten-year period from 1 July 2005.

www.aer.gov.au, 3/3/06

Bangladesh:

Bangladesh To Float Power Firms This Year

Bangladesh plans to privatise part of its power industry this year, including by mid-May the sale to investors of 25% stakes in Power Grid Company of Bangladesh (PGCB), a bulk transmissions firm, and Dhaka Electric Supply Company (DESCO), which distributes power in the capital.

Reuters News, 28/2/06

China:

Power Companies May Get A Say In Coal Price; China To Take Small Steps Towards Oil Price Liberalisation

The Chinese Power Ministry has proposed that representatives of electricity generating companies be included in negotiations with the coal ministry over pricing. The ministry has also proposed that pricing of coal be based on the guidelines framed by the tariff commission until the issue of a coal regulator is resolved.

Business Standard, 25/3/05; Xinhua Financial Network (XFN) News14/3/06;

India:

Gail Can't Charge Marketing Margins On Regulated Gas:

The Indian government has announced that the Gas Pricing Order of 2005 does not allow Gail India Ltd to charge a marketing margin on government regulated (APM) gas. GAIL had demanded a marketing margin of US$5 per thousand cubic meters on the APM gas which it was supplying to the plants of Indian Petrochemicals Corp Ltd at Baroda, Gandhar (Gujarat) and Nagathone (Maharashtra). GAIL has served a notice to terminate gas supplies to IPCL unless it clears US$150,000 outstanding towards the marketing margin.

The Press Trust of India Limited, 23/2/06

Power Pool For Cross-Border Trade Soon

The Central Electricity Regulatory Commission (CERC) is expected to release a consultation paper which will propose the establishment of a new power exchange platform. Currently, electricity is traded through bilateral agreements at mutually agreed rates, unscheduled interchange mechanisms, and power trading through power trading companies.

Hindustan Times, 17/3/06

New Zealand:

Transpower And Unison Reverse Price Hikes

The electricity lines companies targeted in recent months by the Commerce Commission for excessive price increases have both agreed to postpone proposed changes in order to avoid possible control orders. National grid operator Transpower has announced that it will credit customers with the quantum of its price increases, while Unison Networks will reverse their price rises for Rotorua and Taupo customers. The Commission may decide to declare control over either company if agreement cannot be reached.

www.comcom.govt.nz, 31/3/06, 17/3/06

Thailand:

Plan To Privatise Metropolitan And Provincial Electricity Authorities May Be Scrapped

The Thai Finance Ministry has reportedly said that plans to privatise the Metropolitan and Provincial electricity authorities could be scrapped following a new analysis of the business structures of the two state enterprises. The two utilities had originally been scheduled to privatise and list on the Stock Exchange of Thailand later this year.

Thai News Service, 28/2/06

Administrative Court Shoots Down Egat IPO

The Supreme Administrative Court of Thailand rejected the government's plans to list EGAT Plc on the stock market, saying the share sale was unlawful. The Court found flaws in the privatisation process, including in the public hearing and appointment of the corporatisation committee, citing issues with conflicts of interest. The Supreme Administrative Court therefore revoked two decrees issued last year by the government.

Thai News Service, 24/3/ 06

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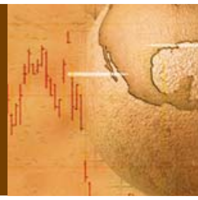

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