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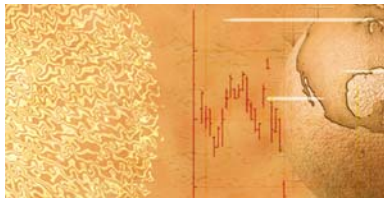
Global Energy Regulation



August 2006
Issue 87

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European News

UK

£9.75 Million Trial To Improve Energy Information For Customers

Ofgem has invited firms to participate in trials to study how domestic customers change their energy consumption when they have better information on how much energy they use. The trials are designed to establish the likely impact of better information, including smart metering, on reducing greenhouse gas emissions.
Ofgem Press Release, 22/8/06

Industry Carbon Trading Plan Announced

Defra has announced details of the second phase of the European Union's Emissions Trading Scheme (EU ETS) in the UK. The scheme will be expanded to cover additional activities at 160 installations that are not covered in the current phase of the scheme. Phase two is expected to deliver additional savings of 8 million tonnes of carbon each year. The National Allocation Plan also provides measures for the removal of installations, such as hospitals, universities, and the smallest industrial emitters within the scheme.
Defra Press Release, 21/8/06

First Annual Reports Published For North Hoyle And Scroby Sands

Offshore windfarms North Hoyle and Scroby Sands have made their first annual reports to the Department of Trade and Industry (DTI). The projects developers are required to report back to the DTI for the initial three years of operation under the terms of a £10 million Government grant received by each project. North Hoyle performed as expected, with an average load factor of 36% against a target of 37.1%. Scroby Sands reported a load factor of 28.9%.
Platts Power UK, 21/8/06; DTI Press Release, 10/8/06

Austria

Italian Gas Trader Joins Austrian Gas Hub

The Italian Gas Trader Speia has joined the Austrian Gas Hub, becoming the 25th company to trade there. Speia wants to trade on the hub to import gas into Italy, having recently won capacity on the trans-Austria gas line.

Platts Commodity News, 1/8/06

Bulgaria

Big Interest In Bulgaria Plovdiv Heating Utility

Twelve companies have expressed interest in the privatisation of the Plovdiv district heating utility, the first from a series of privatisation deals with state-owned heating firms. The potential bidders include both foreign and local companies. The bidding requirements include a Standard & Poor's credit rating of at least BB+, and minimum volumes of electricity generation, heat production, and turnover.

Capital Weekly, 17/8/06

Heating Prices Formation

The Bulgarian Parliament has banned several components of the heating price and said that the heating price should include all services. The energy and water regulator, which is in charge of setting heating prices, will have to make any proposed changes public a month before they are put to a vote.

Bulgarian News Digest, 14/8/06

Bulgaria Utility Regulator Rejects CEZ Bulgaria Restructuring Plan

Bulgaria's State Energy and Water Regulatory Commission has rejected CEZ's restructuring plan. The plan envisaged separation of the electricity transmission, sales, and maintenance units of its power distribution arms in Western Bulgaria. The regulator said that the plans would have transferred a significant part of CEZ's activities to an area over which it has no supervisory powers. The regulator added that the costs of the restructuring would be large.

Bulgarian News Digest, 2/8/06

European Union

Commission Raises Objections To GDF-Suez Merger

The European Commission (EC) informed French utilities Gaz de France (GdF) and Suez of its preliminary conclusions from its investigation into their proposed merger. In its "statement of grievances", the EC concludes that the deal could have anticompetitive effects in the electricity and gas markets in Belgium, and the gas market in France. GdF and Suez have ten days to propose remedies, which will be considered in the EC's final decision, expected before 25 October.

Platts Global Power Report, 24/8/06; Le Monde, 22/8/06

France

90,000 Amendments Proposed To GdF Privatisation Act

The Economic Affairs Commission of the French Parliament has started to review the 90,000 amendments proposed by the opposition parties to the draft act that enables the privatisation of French utility Gaz de France (GdF). The draft law will be discussed by the French Parliament on 7 September. The privatisation of GdF is a prerequisite for its merger with Suez.

Nouvelobs.com 30/8/06

Regulator Criticises New Renewable Energy Tariffs

The French energy regulator, Commission de Régulation de l'Énergie (CRE), criticised the new feed-in-tariffs for renewable energy sources recently approved by the French government. In particular, CRE considers that wind power feed-in-tariffs, in some cases 35% higher than previous levels, lie above generation costs. CRE is also critical of biogas tariffs and of the premium for integrating solar installations into buildings. Government sought the CRE's views, but they are non-binding.

Platts Power in Europe, 14/8/06

Government Approves Full-Service Electricity Tariffs Increase

The French Government approved a 1.7% increase in the full-service tariffs of Electricité de France (EDF). This tariff increase affects both households and industrial consumers, and is the first for such tariffs since 2003. The tariff increase was endorsed by French energy regulator CRE, and is effective from 15 August.

La Tribune, 11/8/06, 10/8/06

Germany

Energy Customers Are Reluctant To Change Providers

Only 2.2% of German households switched energy providers during 2005, according to a monitoring report of the German Network Regulator. The Regulator interprets the low switching rate as an indication of limited competition in the energy market. As a consequence, switching procedures have not been automated, leading to switching costs that average more than €107 per customer.

Financial Times Deutschland, 31/8/06

Network Regulator Decisions On Grid Charges

The German Network Regulator, the Bundesnetzagentur, announced its decision on transmission tariffs this week. The regulator cut the costs the transmission firms had submitted: Vattenfall Europe saw a reduction of 18%; E.ON 16%; RWE 9%; and EnBW 8%. The Bundesnetzagentur also released first rulings on gas grid access fees. The regulator said it would disallow 9.6% of the costs of E.ON Thüringer Energie AG and 11% of the costs of E.ON Mitte.
DowJones Newswire, 30/8/06

E.ON Ruhrgas To Launch Online Gas Trading Platform

Germany's largest natural gas importer, E.ON Ruhrgas, has announced its intention to launch an internet portal in the fourth quarter of 2006 to trade natural gas. Market participants will be able to buy and sell natural gas at public and uniform prices for next-day delivery. The group also intends to operate a telephone market for spot and standard forward contracts.
Global Insight, 21/8/06; DowJones Newswire, 18/8/06

Ireland

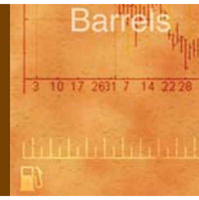
Market Start To Be Delayed

The launch of the all-island single electricity market (SEM) for Northern Ireland and the Republic of Ireland is to be delayed for four months to allow extra time for extensive market testing and implementation. The SEM is now planned to go live in November 2007.
Platts Power UK, 21/8/06

Italy

Development In Microgeneration And Distributed Generation Plants

The Autorità per l'Energia Elettrica e il Gas (AEEG, the Italian energy regulator) approved their report on "Monitoring the development of microgeneration and distributed generation plants in Italy and analysis of the impact on the national energy system of distributed generation". As distributed generation is becoming more important, AEEG recommends the creation of a central database covering plant location, status (authorised, in construction, operating, on maintenance outage, etc.) and operation, to be updated monthly, quarterly or yearly.
AEEG's web site, 24/8/06



AEEG's Launches A Consultation On Incentives For Diffusion Of Electronic Meters

The AEEG has published a Consultation Document that aims to spread new and advanced electricity meters to all low-voltage customers (families and small enterprises). This initiative aims to discourage delayed replacement of the present electro-mechanical meters with the new types. Special attention has been put on access to customer consumption data for energy suppliers: AEEG plans to set a national standard for data access in order to promote competition and free choice for consumers.

AEEG's web site, 21/8/06

AEEG Approves New Time Bands

After conclusion of the consultation started on 3 July 2006, the AEEG has approved new time bands that will be in force from 1st January 2007. The approved system provides for 3 different bands, allowing for differentiation of energy prices between day and night, on working days, Saturdays, Sundays and holidays.

AEEG's web site, 18/8/06

AEEG Sets Incentives To Encourage Interruptible Gas Supplies For Industrial Customers

The AEEG has set the incentives for industrial customers to opt for interruptible gas supplies. The decision is part of Ministry of Economic Development Decree of 4 August 2006, on measures to manage natural gas demand for the coming winter. The incentive introduced by the Authority decreases gas transportation costs by 50% for interruptible supplies compared with firm supplies. In order to make it easier to subscribe to interruptible contracts, the AEEG has also established that industrial customers willing to change from firm to interruptible contracts may exit by 30 October 2006 from firm contracts signed before 4 August 2006, on giving advance notice of at least of five working days.

AEEG's web site, 8/8/06

Netherlands

NMa Seeks Changes To Proposed Implicit Auction Between The Netherlands, Belgium And France

The NMa (Dutch competition authority) issued a letter requesting changes to the proposed implicit auction of cross-border interconnections between the Netherlands, Belgium and France (also known as market coupling). The proposal covers changes to the Network Code and System Code.

DTe website, Dossier no. 102227, 16/8/06

Draft Decision On Correction For Regional Distribution Networks

The DTe's Method Decision 100947-82 of 12 September 2003 described how it would recalculate the X-factor for regional electricity networks for 2004-2006, based on recent productivity data. This latest draft decision describes how the Council (Raad) of the NMa will implement the DTe's proposed method. Interested parties have until 21 September to react.

DTe website, dossier no. 102360, 10/8/06

Portugal

Wind Power Tender Awarded

The Portuguese Government has completed the tender for licences to build and operate a total of 1,000 MW of wind capacity. The licences have initially been awarded to two consortia, led by EDP and Galp respectively, and negotiations over final contracts are expected to be completed in September. However, the consortium led by Spanish utility Iberdrola has filed an administrative appeal against the Government's decision.

Expansión, 30/8/06; Jornal de Negócios 9/8/06

EDP To Reduce Its Participation In REN

The Portuguese Government published a new Decree-Law on 23 August affecting shareholdings in the electricity network operator. Under the new law, no energy company may have a stake of over 5% in the network operator, REN. To reduce its stake to this level, EDP will have to sell 25% of REN's shares before the end of the year.

Diário Económico, 24/8/06; Gaceta de los Negocios, 24/8/06

Romania

Romania Natural Gas Companies To Separate Activities

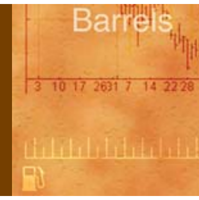
As of 1 January 2007, Romanian natural gas companies will be required to produce separate accounts for different activities. By 1 July 2007, they will also have to set up separate companies for each activity. These requirements are in line with European regulations which require legal separation of activities for all companies with over 100,000 customers. Companies with fewer customers need only separate their accounts.

Mediafax News Brief Service, 29/8/06

Romania To Sell Electrica's Last Three Subsidiaries In 2007

Romania plans to sell the last three subsidiaries of state-owned utility Electrica in 2007, after the country's accession into the European Union (EU), in order to maximise the sale price. The ministry expects to publish a privatisation strategy for the three companies by September 2006. The other five Electrica subsidiaries were sold to foreign investors during the period 2004 to 2006.

Romanian News Digest, 11/8/06



Spain

Preliminary Assessment By The EC Considers Conditions On EON's Bid For Endesa Illegal

The European Commission (EC) has stated, in a preliminary assessment, that most of the conditions imposed on E.ON's takeover bid for Endesa are illegal. The EC will make its final decision, which could invalidate the conditions imposed on E.ON's takeover of Endesa, after receiving comments from the Spanish Government. The Spanish Government could appeal the final decision to the European Court of Justice, but this action would not lead to a preventative suspension of EC's decision.

Enervía, 28/8/06; Expansión, 26/8/06;

Ministry Of Industry Approves New Procedure For The Maintenance Of Distribution Networks

The Spanish Ministry of Industry has approved secondary legislation that requires owners of distribution networks to receive their authorisation before they take out of service distribution facilities that may affect the functioning of the transmission network (for example, to perform maintenance work).

Expansión, 15/8/06

Switzerland

Cantons Seek Higher Water Royalties

A Swiss MP has put an increase of water royalties on the parliamentary agenda. The last increase took place in 1997. Since then, energy prices have risen about 360%. Now the Cantons want to benefit from the ensuing rise in profits of energy suppliers, but energy firms point to the need for major investments, in view of an expected production shortfall in 2020.

Platts Power in Europe, 14/8/06

Turkey

Energy Board Approves Sale Of 20 Electricity Distribution Grids

The Energy Market Regulatory Agency has approved the privatisation and tariff structure of 20 electricity distribution grids. Tariffs will take into account the investment required in the 20 grids over the next five years, volumes of leakage and theft, payments for transfer of operational rights, revenues and retail tariffs. However, those regions that have priority for development incentives will be exempt from the industrial tariff. Meanwhile, the privatisation administration has launched tenders for the block sale of a 100% share in three electricity distribution companies.

Turkey Today, 31/8/06; Turkish Daily News, 26/8/06

North American News

US

Chorus Grows Louder For Action On New England Transmission ROE

In a letter dated 28 August, a large group of New England public entities, including the Connecticut Department of Public Utility Control, urged Federal Energy Regulatory Commission (FERC) to act promptly to set the return on equity (ROE) for transmission services in the region. It follows a recent request by several New England-based electric utilities asking the FERC to act on their proposal to establish an ROE for transmission services under ISO New England's tariff. This application has been pending since November 2003; the presiding administrative law judge issued her initial decision in May 2005; and exceptions have been fully briefed to the Commission since July 2005.
NGI's Power Market Today, 30/8/06

Schwarzenegger Reaches Landmark Deal On Greenhouse Gas Emissions

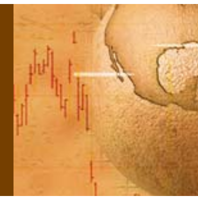
California will become the first state to impose a cap on all greenhouse gas emissions, including those from industrial plants, under a landmark deal reached by Governor Arnold Schwarzenegger and legislative Democrats. The bill requires the state's major industries - such as utility plants, oil and gas refineries, and cement kilns - to reduce their emissions of the pollutants widely believed to contribute to global warming. The key mechanism will be a market programme that will allow businesses to buy, sell, and trade emission credits with other companies.
The Associated Press, 30/8/06

Peco To Cut Natural-Gas Rates 11%

Peco Energy Company announced that it would cut its rates for the supply of natural gas by 11% next month, reflecting lower wholesale costs. The rate is down 21% since December 2005, reducing the average monthly bill by US$15.
The Philadelphia Inquirer, 29/8/06

Illinois Electricity Rates Up For Auction

More than 20 potential power suppliers gathered in Chicago in August to simulate Illinois' 5 September reverse auction that set consumers' electric rates for 2007. The auction will raise Illinois' electricity prices to market-driven levels following a nine-year rate freeze, the newspaper said. During the reverse auction, the prices utilities bid for power go down from the starting bid until they settle on a closing price to supply the state's utility needs for electricity.
United Press International, 26/8/06



New Federal Rule For Gas Companies

The Federal Energy Regulatory Commission announced a new rule requiring natural gas companies to report damage or service disruptions to the gas pipeline grid or storage facilities following a natural disaster. Current regulations require companies to report disruptions to service, but not infrastructure damage. The new rule will require companies to report damage done to infrastructure, even when there is no service interruption, including the time and cause of any damage, actions taken to maintain gas service, and when damaged facilities are fully restored to service.
AFX International Focus, 23/8/06

Anadarko, Western Gas Deal Clears Hurdle

The Wyoming Public Service Commission approved the acquisition of Mountain Gas Transportation Inc and MGTC Inc by Anadarko Petroleum Corp from Western Gas Resources Inc. Under the terms of the agreement, Western shareholders will receive US$61 per share in cash.
AFX International Focus, 16/8/06

PSC Defers US$10 Million Decision

The Florida Public Service Commission voted to postpone a decision on a request by Florida Power & Light (FPL) to charge consumers US$10 million to pay for a natural gas storage facility in Alabama in order to gather more information about the proposal. FPL had requested the increase to recover building costs associated with the MoBay Gas Storage Hub to be built in Mobile County, Alabama. Under an August 2005 agreement, FPL may not raise its base rates until 2010. FPL asked for the increase to be classified as a fuel service charge rather than a base rate increase. However the Attorney General and consumer groups challenged a PSC staff recommendation that the US$10 million should treated as a fuel surcharge.
The Miami Herald, 16/8/06

Holding Companies Poised To Fight New Affiliate Rules At CPUC

Utility holding companies and the state's investor-owned utilities are opposing a California Public Utilities Commission rulemaking proceeding that aims for stricter regulation of transactions among utilities, holding companies, and their affiliates. Sempra Energy, PG&E Corp, Edison International, and their subsidiary utilities assert that the commission lacks the jurisdiction to levy new rules for affiliate transactions and executive-compensation reporting on holding companies. The timetable includes a workshop on 21 September; a draft decision on 10 October; and oral argument before the commission on 18 October.
California Energy Markets, 14/8/06

El Paso To Raise Rates On Colorado System

El Paso Corporation announced that its subsidiary, the Colorado Interstate Gas Company, had received federal regulatory clearance to raise rates on its pipeline transmission system.

AFX International Focus; Foster Natural Gas Report, 9/8/06

Jury Delivers Split Verdict In Gas Traders' Trial

Two former energy traders have been found guilty on several counts of wire fraud but acquitted on several other charges of false reporting and conspiracy. The traders were charged with violating the Commodity Exchange Act by submitting bogus data to industry publications in order to affect the calculation of natural gas index prices. This was a test case, but the jury failed to reach a verdict on some of the charges. As a result, the FERC has strengthened its rules, so now companies that buy and sell gas in the wholesale market must adopt strict internal controls on price reporting.

Gas Daily, 7/8/06

California ISO Board Approves Sunrise/Greenpath Transmission Project; Power Line Gets Green Power On Grid And Brings Economic/Reliability Benefits

The California Independent System Operator Corporation (California ISO) Board of Governors unanimously approved the Sunrise/Greenpath transmission project proposed jointly by San Diego Gas and Electric, Imperial Irrigation District, and Citizens Energy. The Greenpath portion needs approval from its local regulatory authority. These reviews will include analysis of environmental line-routing issues.

Business Wire, 3/8/06

We Energies Can Keep Disputed Profit: Utility Customer Groups Had Sued for US$52 Million

We Energies customers will not get a refund on their bills after a Dane County judge sided with Wisconsin state regulators and ruled that the utility may keep US$52 million in disputed profit. Circuit Judge C. William Foust said that the state Public Service Commission was correct in ruling that We Energies was entitled to keep the extra profit it earned in 2001-03 by cutting costs, after its parent company, Wisconsin Energy Corp, bought Wicor Incorporated, the parent of Wisconsin Gas, in 2000. Customer groups had sued for the refunds, arguing that We Energies received more in profit than was permitted.

The Milwaukee Journal Sentinel, 1/8/06

Canada

Environmental Groups Grade Atlantic Provinces’ Response To Climate Change

Environmental groups produced report cards for the provinces in Atlantic Canada, Quebec and the New England states on progress in reducing greenhouse gas emissions. Nova Scotia earned a grade of C. Prince Edward Island, New Brunswick and Newfoundland and Labrador scored between B-minus and C-minus. Quebec fared the best with a grade of B-plus and New Hampshire scored worst, rating a D-plus.

The Associated Press, 28/8/06

Mexico

Natural Gas Production Rises In Mexico

Pemex reached the highest production of natural gas in its history by extracting 5323 million cubic feet in July. The high production resulted from the incorporation of new fields in the north.

El Universal, 21/8/06

Mexico’s First-Ever Liquefied Natural Gas Cargo Arrives At Altamira’s Regasification Terminal

The first liquefied natural gas (LNG) cargo ever to be delivered to Mexico was delivered today to the Altamira LNG re-gasification terminal. The terminal is a joint venture between Royal Dutch Shell (50%), Total and Mitsui (each 2%). Mexico’s power company, Comision Federal de Electricidad, has contracted to purchase 5,200 million cubic meters of regasified LNG per annum from Altamira.

Newswire via Power Markets, 17/8/06

Central and South American News

Argentina

Government Reactivates Nuclear Programme

Argentina’s planning minister has announced the reactivation of the country’s nuclear programme, which anticipates investment of USD3,500 million over eight years. The funds will be used to complete the Atucha II nuclear plant, to analyse the construction of another nuclear plant, and for the possible resumption of production of enriched uranium.

Global Insight Daily Analysis, 25/8/06; El Cronista, 24/8/06

Brazil

Regulator Approves Electricity Tariffs Readjustments Of 11 Distributors

Aneel, Brazil's energy regulator, approved on 3 August an average 8.3% rise in electricity tariffs for four distributors: Escelsa, Celpa, Iguacu, and Celesc. In addition, on 22 August, Aneel approved tariff readjustments for another seven distributors, consisting of a 7.6% decrease in CEB's average tariff and increases in average tariffs of between 7% and 21% for Elektro, Ceal, Cepisa, Cemar, Saelpa, and Forcel.

Valor Económico, 23/8/06; Latin America News Digest, 22/8/06, 4/8/06

Colombia

Energy Regulator Approves A 23% Increase In LPG Price

Colombia's energy regulator, Creg, has authorised the state-owned company Ecopetrol to raise the price of liquefied petroleum gas (LPG) by 23%. In July, the government approved the sale of up to 20% of Ecopetrol. (July issue of GERN.)

Noticias Financieras, 30/8/06

Ecuador

Government To Auction Three Concessions To Develop Oil And Gas Projects

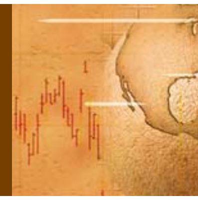
Ecuador's government is going to auction in mid-September three concessions to develop oil and gas projects. The first project is to develop nine fields in the Amazon region, which have proven reserves of 120 million barrels. The second concession involves the construction of a natural gas storage system. The third project is to expand and modernise the Esmeraldas refinery.

Dow Jones International News, 24/8/06

Electricity Companies To Receive US$150 million

Ecuador's President, Mr. Palacio, signed a decree that awards USD150 million to electricity companies in an effort to prevent blackouts. Congress amended an emergency bill submitted by Mr. Palacio (see last issue of GERN) to pay distributors USD950 million. Congress has sent back it to the President, who can modify it before remitting it again to Congress.

Reuters News, 17/8/06



Nicaragua

Electricity Crisis In Nicaragua

Nicaraguan electricity consumers experienced more blackouts and longer power cuts in August than in previous months. Violent protesters attacked the headquarters of Unión Fenosa (UF), a Spanish electricity group that distributes 80% of the country's electricity, and occupied the office of Nicaragua's energy regulator (INE) demanding it expel UF. INE has begun an arbitration process against the company for not implementing INE-approved rates. Likewise, the comptroller's office called for the cancellation of the government's contract with UF, alleging it has not fulfilled its contractual obligations. The government has submitted a bill to the national assembly requesting a USD9 million loan to inject resources into UF. The president of the national energy commission argued that this money would help UF buy electricity in the market and pay its debts to generation companies and the government. UF argues that electricity rates are below the cost of power it buys from generators. UF said it is also a victim of the power shortages since it does not produce energy, but only distributes it.

El País, 25/8/06; Global Insight Daily Analysis, 17/8/06; Business News Americas, 18/8/06, 10/8/06;

Venezuela

Congress Approves Tax Raise On Oil Companies Working In Orinoco

Venezuela's Congress approved a bill that raises the income tax rate to 50% on six foreign oil companies working on projects in the Orinoco river basin. In addition, the deputy oil minister stated that by December Congress planned to approve legislation allowing the state oil company, PDVSA, to take a majority share in those projects.

Associated Press Newswires, 31/8/06; Los Angeles Times, 31/8/06

Asia Pacific News

Australia

Energy Market Reforms Delayed

The Ministerial Council on Energy announced a revised timetable for Australia's energy market reforms, with target dates pushed back six months. The Council picked 1 July 2007 for the start of major changes, allowing time for the new electricity and gas laws to come into force and enabling acts to be passed by the states. Changes that will be delayed include the transfer to federal agencies of regulatory powers over gas transmission and distribution, and legislation allowing the transfer of regulatory powers over electricity distribution and retailing.

Australian Financial Review, 24/8/06; www.mce.gov.au, *23/8/06*

New Zealand

Commission Publishes Intention To Declare Control of Vector

The Commerce Commission has announced its intention to declare control of Vector's electricity distribution network. An investigation by the Commission found that the company was earning excessive revenues from commercial and industrial customers, and residential customers outside Auckland, whilst undercharging Auckland consumers. The Commission also found that Vector was earning an excessive rate of return overall. Vector has responded by placing 'on hold' NZ$630 million (US$413 million) of proposed infrastructure investment.

New Zealand Herald, 16/8/06; **www.comcom.govt.nz**, *9/8/06*

Government Cracks The Whip Over Costly Pylon Plan

Following the prolonged blackout in Auckland earlier this year due to failure of the transmission system, the government has released a policy directive to the Electricity Commission, expressing its view that security of energy supplies should be its 'paramount' consideration. The Electricity Commission dismissed the Government's move, saying that maintenance of a robust network had always been uppermost in its mind. It would not have changed—for example—the commission's April decision to reject Transpower's NZ$500 million plan for the Waikato-Auckland line. In a Cabinet paper the Minister of Energy, David Parker, also threatened a return to centralised planning of the national electricity grid (among other options), if the Electricity Commission and Transpower are unable to resolve their differences over the Waikato-Auckland line. Such a move could spell the end of Transpower in its present form and the demise of the Electricity Commission, which began operating just over two years ago.

New Zealand Herald, 11/8/06, 8/8/06

China

China's Sinopec Confirms It Will Launch State Share Sale Plan

In a statement filed with the Shanghai Stock Exchange, China Petroleum & Chemical Corp (Sinopec) has said that it will launch its state share sale plan. The decision resolves speculation that Sinopec will complete privatisation of its domestically listed units prior to any state share sale.

Xinhua Financial Network (XFN) News, 21/8/06

China Digs In Heels Over Plans To Open Wholesale Oil Sector

The latest draft regulations issued by Beijing maintain tough requirements for entering the Chinese oil sector, such as a requirement that new licence holders secure long-term fuel supply agreements with existing operators and have two years of retail experience with 10 petrol stations. The rules, set to take effect from 1 January, would disqualify some of the existing 2,400 wholesalers.
Lloyd's List, 18/8/06

Chinese Energy Projects Face Macro Regulation

The National Development and Reform Commission (NDRC) has reiterated measures which ban the offer of preferential electricity prices. Despite previous attempts to ban preferential prices some localities have continued to offer them to high energy consuming industries, particularly in the central and western part of China.
Asia Pulse, 3/8/06

India

India's Upstream Regulator DGH Proposes Indexing Gas Price To Global Indices

The Directorate General of Hydrocarbons (DGH) has recommended that the petroleum and natural gas ministry should link natural gas prices to global indices, such as Henry Hub or international prices of LNG or naphtha. The DGH also suggested that competitive bidding for any available gas replace the current practice of the seller fixing the price based on the prevailing market conditions.
Gas Matters Today Asia, 30/8/06

Government Plans Stand-Alone Transmission Systems Operator

The Indian power ministry has proposed an independent systems operator (ISO) in the transmission sector. Currently, there are five regional load dispatch centres which handle inter-regional dispatches, and 32 state load dispatch centres for intra-state allocations.
Financial Express, 17/8/06

Autonomous Body To Regulate Coal Pricing

The coal ministry has initiated discussions to set up an autonomous body to replace the government committee which currently determines coal prices. The regulator is expected to improve exploitation and allocation of available resources, to regulate pricing of coal, and to enable a competitive coal market to emerge for user industries. Prices are currently determined on the basis of costs incurred in coal production plus a reasonable amount of profit.
The Economic Times, 15/8/06

Trading Companies Cannot Buy Power From Other Traders

The Central Electricity Regulatory Commission (CERC) has directed power trading companies to buy electricity only from generating or distribution companies and not from other traders. In terminating PTC India Ltd's contracts with other electricity traders CERC said these contracts were in contravention of its Inter-State Trading Regulations. To minimise disruption from the terminations CERC has ordered distribution companies to enter into agreements with the power traders whose contracts have been affected.

Business Line (The Hindu), 9/8/06

Indonesia

Three Indonesian State-Owned Firms Plan IPO In 2007

Three state-owned companies, including PT Indonesia Power, plan to conduct initial public offerings in 2007. The proceeds from the planned IPO of Indonesia Power are to be used to increase funding for the development of power plants. The government aims to use this funding to reduce the price of electricity and avoid the need to increase electricity tariffs.

Asia Pulse, 2/8/06

Pakistan

PSO Sell-Off Put On Back Burner

The Privatisation Commission has put the sale of Pakistan State Oil (PSO) and other major entities on the back burner, at least for the first half of the current fiscal year. The main cause of the delay is the Supreme Court decision to block the sale of the Pakistan Steel Mills Corporation (PSMC) in June this year. However, the privatisation of PSMC has since been cleared by the Council of Common Interests.

Business Recorder, 30/8/06; Reuters News, 2/8/06

Pakistan Regulatory Authority Approves Tariffs For Two Private Power Projects

Pakistan's Power Regulator (Nepra) has approved power sales tariffs for two private generation projects with 424 MW of combined capacity. Nepra approved two separate power sales tariffs based on the use of gas or diesel. The tariffs are initially set for 10 years with a lower rate applying for the following 20 years. The alternate diesel tariff has been set to meet concerns that gas availability may be limited after 2010.

Global Power Report, 27/7/06

Philippines

Meralco, Napocor Set To OK Large Power User Discounts

Philippine power distributor Meralco is expected to reach agreement with state-owned Napocor on a programme of discounted power rates for large electricity users. The proposed Customer Choice Programme will give customers with a monthly electricity demand of at least one megawatt the option of time-of-use (TOU) rates offered by Napocor. Meralco has told its large power users that the proposed programme is an option to choose suppliers ahead of next year's open access regime.
Business World, 7/8/06

Twelve Investor Groups Submit Bids For Philippine Transmission Company

Twelve investor groups have submitted bids for the 25-year concession for Transco, the Philippine's national transmission company. No existing Filipino power generating or distribution company may bid for the concession. PSALM failed twice to sell Transco in 2003 because of concerns over the legality of the planned sale.
Global Power Report, 27/7/06

Thailand

Legal Challenge To Privatise Top Thai Energy Firm

Thai consumer groups have lodged a legal challenge against the government over its privatisation of energy company PTT. The groups asked the Supreme Administrative Court to revoke decrees allowing the privatisation. Earlier this year, the same group blocked the government's plan to privatise Thailand's largest utility firm, the Electricity Generating Authority of Thailand.
Agence France Presse, 31/8/06

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