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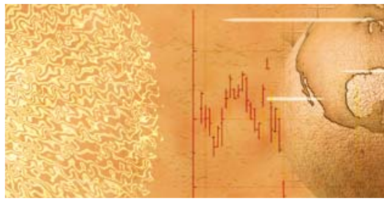
Global Energy Regulation



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European News

UK

Government Energy Sector Responsibilities Shifted to New Department

The UK's new Prime Minister, Gordon Brown, has broken up the Department of Trade and Industry (DTI) and transferred responsibility for energy policy to the new Department for Business, Enterprise and Regulatory Reform (DBERR), which will be run by Secretary of State John Hutton.

Upstream, 06/07/07

DBERR and Ofgem Launch Grid Connections Consultation

DBERR and Ofgem launched a review aimed at speeding up grid connections for renewable generators. According to Energy Minister Malcolm Wicks, "[delays] in linking new wind farms and other forms of clean electricity to the national grid is one of the main obstacles to achieving the UK's renewable energy aims." There are currently around 12 gigawatts of projects seeking connection in Scotland, along with many more in other parts of the UK. DBERR and Ofgem will publish a final report on grid connection in May 2008, describing the review's progress in identifying any required new legislation or reforms.

Platts Commodity News, 26/07/07

E.ON Wins Competition Commission Appeal Against Ofgem Decision

E.ON has won its appeal to the Competition Commission (CC) against changes to the way National Grid charges for gas transmission exit capacity in Great Britain. The CC has overturned the changes, which National Grid proposed and Ofgem recently approved. The proposals advanced by National Grid and overturned by the CC would make gas transmission users buy the right to take gas from the grid four years in advance and charge users for varying their gas offtake over the day. The CC noted that the changes Ofgem approved might not be beneficial, as Ofgem had not correctly quantified the benefits of the reforms. The CC said that Ofgem must reconsider the choice between E.ON's proposal, which essentially preserves current arrangements, and the proposal which it approved previously. E.ON's appeal is the first to be heard by the CC under the Energy Act 2004.

Reuters News, 10/07/07

Nuclear Reactor Designs Obtain Preliminary Approval

The UK government has provisionally approved the design of four nuclear reactors, although it has not yet formally come out in favour of nuclear power. Four companies have submitted individual designs for four reactors. The government's decision means that the preliminary safety case for each reactor design has been made. However, before the generic designs of the nuclear power plants are completely approved or pre-licensed, the new Department for Business, Enterprise and Regulatory Reform will need to consider the designs in more detail. The reactor designs are also going through the initial stages of pre-licensing and will be subject to the outcome of a nuclear consultation, expected in October.

Dow Jones News Service, 05/07/07

Research Shows Fixed-Price Tariffs Popular

According to Ofgem's research, a fifth of households have taken up fixed-priced tariffs and other "innovative energy deals". Ofgem has found that British energy suppliers are competing fiercely on the basis of price, and also through innovative tariffs, products and improving service offerings. Three million gas and electricity customers have opted for a fixed-price deal and 1.2 million customers are now buying their energy online through internet-only tariffs, according to Ofgem. Special tariffs and services, such as those designed to help vulnerable customers and curb climate change, have also proved popular. In particular, almost 350,000 customers have signed up to "green tariffs".

Reuters News, 04/07/07

Ofgem Restricts Suppliers' Rights to Back-Bill Customers

Energy companies that do not provide accurate and frequent bills will be able to back-charge customers only for periods of up to 12 months. Ofgem has applied this rule for customers who can prove they have made reasonable attempts to get their bills, thereby proving that the company is at fault. Energywatch explained that "customers were receiving large bills for two or three years and being asked to pay everything at the same time. It was getting people into debt through no fault of their own - the companies should have been sending bills regularly".

The Observer, 01/07/07

SHETL Applies to Ofgem for Public Inquiry Cost Pass-Through

Ofgem may allow Scottish Hydro Electric Transmission (SHETL) and Scottish Power Transmission (SPTL) to pass through the cost incurred through the public inquiry into plans to build a 137-mile power line through Scotland. The inquiry, which opened in February and may continue until next year, is hearing evidence on plans to upgrade overhead lines that would take power from proposed renewable-energy developments in Scotland. SHETL has told Ofgem that – due to the inquiry – it has spent £2.102 million more than expected during 2006-7 and forecast this will rise to £4.888 million, assuming the hearing continues until early 2008. The bid to pass the cost on to its customers is subject to an Ofgem consultation.

The Scotsman, 30/06/07

Austria

Parliament Of Upper Austria Approves Flotation Of Regional Utility

The parliament of the Austrian province Upper Austria approved the initial public offering (IPO) of regional utility Energie AG. According to Austrian law, Upper Austria must continue to hold a stake of at least 51 per cent in the utility. The IPO will increase the free float to 42 per cent.

Reuters, 06/07/07

Belgium

Regulator Approves Belpex New Participation Rules

The Belgian Federal Energy Regulator, Commission de Régulation de l'Électricité et du Gaz (CREG), has published its opinion on the proposed amendments to the regulations on participation in the Belgian electricity market (Belpex). In particular, CREG recommends the approval of Belpex's proposal to allow small agents to participate in the day-ahead market indirectly, through a broker. However, the regulator considers that this is not enough to foster the effective participation of small agents in the market, and asks for a simplification of Belpex's rules.

www.creg.be, 02/07/07

Bulgaria

Consumers Will Be Allowed to Return to Regulated Tariffs

Bulgarian consumers who have changed their power supplier will now be able to switch back to regulated supply tariffs, which are set by the state power regulator. The power regulator had initially ruled that consumers who have switched to competitive suppliers could not return to the regulated market segment. However, the EU consumer protection commissioner lobbied Bulgaria to amend the rules on the grounds that the restriction was detrimental to consumers' welfare. Bulgaria's power market was officially opened to competition on 1 July 2007 to meet EU requirements.

Bulgarian News Digest, 10/07/07

European Union

Commission Opens File On E.ON And GdF

The European Commission has opened a file on utilities E.ON and Gaz de France (GdF), which are suspected of having made illegal agreements to divide up the gas markets in France and Germany. The companies have explained that the agreement concerned the transportation of natural gas from Russia to France via the MEGAL pipeline, that it dates back to 1975 and that it was rescinded in 2004. The utilities could face a fine of up to 10 per cent of their annual sales.

Financial Times Deutschland, 31/07/07

Commission Opens File On EdF And Electrabel

The European Commission (EC) has opened a file on Belgian utility Electrabel and French Électricité de France (EdF), which they believe may be abusing their dominant position in the Belgian and French electricity markets. In particular, the EC considers that other electricity providers might be unable to enter the market because of the long-term contracts that the utilities under investigation have signed with their industrial customers. Electrabel and EdF could both face a fine of up to 10 per cent of their annual sales.

Dow Jones International News, 26/07/07; The European Commission – Press Releases, 26/07/07

ERGEG Recommends the Phasing-Out Of Regulated Energy Prices

The European Regulators' Group for Electricity and Gas (ERGEG), an advisory group to the European Commission, has published a position paper on end-user energy price regulations. The main conclusion of the report is that regulated full-service tariffs distort the functioning of the energy markets and that, therefore, they should be abolished. ERGEG recommends European Union (EU) member states draft a road map for the phasing-out of regulated gas and electricity tariffs, which still exist in several EU member states despite the full liberalisation of their markets.
Global Insight Daily, 26/07/07

France

Regulator Opens Consultation On LNG Terminals' Prices

The French Energy Regulator, Commission de Régulation de l'Énergie (CRE), has opened a consultation on the tariffs to be applied by the French LNG terminals. At present, there are two LNG terminals in France, but a third one is under construction in Fos-sur-Mer. The regulator will propose new tariffs in October 2007, to be applied from January 2008 for a three-year period. The consultation is open for comments until 4 September 2007.
www.cre.fr, 17/07/07

Regulator Opens Consultation On Gas Transport Tariffs & Regulations

The French Energy Regulator, Commission de Régulation de l'Énergie (CRE), has opened a consultation on the structure of gas transport tariffs in France and on the current mechanisms for the allocation of gas capacity. The consultation will be open for comments until 4 September 2007. After that, the regulator will propose new regulations on gas transport, which will enter into force on 1 January 2009.
www.cre.fr, 16/07/07

Germany

German Energy Exchange Launches Gas Trading

The German Energy Exchange, the EEX, has successfully launched its gas trading platform with a spot and a derivatives market. On the spot market, for which 20 trading participants have been licensed so far, a volume of 2,400 MWh of natural gas was traded. In this process, prices of between €11.60 and €12.50/ MWh were paid in continuous trading. Trading on the spot market referred to the BEB grid area; as of October 2007, gas spot trading will also be launched in the grid area of E.ON Gastransport. A total of 26 trading participants are licensed to trade on the Derivatives Market. On this market, a volume of 66,270 MWh was traded and a price of €19.20 was paid for the fourth quarter of 2007.
EEX, 02/07/07

Court Rules on Renewables Connection Costs

Germany's Federal Court of Justice, the Bundesgerichtshof, has decided that grid operators do not necessarily need to connect renewables to their grid, contrary to the German Renewables law which states that grid operators must connect wind plants to their grid. In the case brought to court, the local grid operator had refused to connect the plants at the nearest connection point, because of significant development costs, and proposed an alternative.
The court decided that a grid operator might refuse to connect at the point with the shortest distance if another connection point is technically and economically better suited. Moreover, the development costs for the grid operator must be “reasonable” in the sense of not exceeding a certain percentage of the construction costs of the plant. The economic details of the case in question have now to be clarified and the court referred the case to the Higher Regional Court.
Bundesgerichtshof, 18/07/07

German Gas Grid Operators To Combine Market Zones

German energy utilities E.ON and RWE are to combine their low calorific gas networks on 1 October 2008. This will lead to a further reduction in the number of German market zones, as desired by the regulator. According to the companies, their cooperation will facilitate market access, especially for new market players, and intensify competition.
RWE webpage, 18/07/07

Italy

Report to the Government And Parliament On Urgent Provisions On Gas Storage

Aeeg, the Italian regulator, sent a report to the Italian Government and Parliament about underground gas storage for the winter 2007/2008. In the report Aeeg states that current storage capacity is too low compared to actual needs and might further reduce next winter if no new authorisations are granted for building of new facilities. The lack of storage capacity is a major concern for the operation of the whole gas system.
Aeeg's web site, 25/07/07

Forward Electricity Import Contracts To Grant Safety Of The Italian Electricity System

Terna has been allowed to sign forward contracts to assure the minimum import level required to grant the safety of the national electricity system in case of emergencies, such as low availability of hydro capacity. Aeeg's decision provides that Terna has to inform the Ministry of Economic Development and the Aeeg on signed contracts and on criteria to select contracts' counterparts; such criteria have to grant transparency, neutrality and non discrimination of the selection process.

Aeeg's web site, 18/07/07

The Netherlands

Dutch Trade and Industry Appeals Tribunal Cancels "Regeling Uitgespaarde Netverliezen (RUN)"

On 20 April, 2005, the Director of the DTe, the Dutch energy regulator, implemented the RUN as part of the Electricity Tariff Code. The RUN compensates decentralised generators with an annual production capacity of 150 MWh or more for preventing network losses in Tennet's (the TSO) transmission grid. Following appeals by several parties, on 11 July, 2007, the Dutch Trade and Industry Appeals Tribunal cancelled the RUN arrangement on the grounds that the Dutch electricity law does not provide the legal foundation for compensating decentralised generators. As a result of this decision, all articles in the Tariff Code related to the RUN arrangement are cancelled and considered never to have been part of the Tariff Code.

DTe Website, 19/07/07

Romania

Romanian Minister Outlines Energy Policy

In a recent interview, the Romanian Minister of Economy and Finance, Varujan Vosganian, has discussed changes to Romania's energy strategy. Vosganian said that Romania will aim to meet EU energy requirements, with a focus on reducing greenhouse gas emissions. More particularly, he stated that Romania will promote cross-border interconnection to improve supply security, secure a permanent and non-discriminatory access to the transmission networks for third parties, promote electricity production from renewable resources and increase energy efficiency.

Rompress, 03/07/07

Russia

UES Board Approves Share-Swap Plan

The board of RAO UES Russia finally approved the long-discussed share-swap plan. The plan will allow companies to convert their UES shareholdings into the shares in generation companies (OKGs and TGKs). Federal Grid Company and Hydro OGK will stay under the state control. For minority shareholders who do not wish to participate in the share-swap plan there is an alternative option. UES offers 32.15 Roubles (US$1.26) per common share and 29.44 Roubles per preferred share.

Global Insight, 30/07/07

Retail Electricity Market Rules Put in Order

A new resolution has been adopted by the Russian Government, which removes the uncertainty in the process of choosing the guaranteed supplier.

Financial Information Service (Russia), 24/07/07

Spain

European Commission, Spanish Energy Agency And Spanish Energy Market Authority Approve Enel and Acciona's Takeover Bid For Endesa

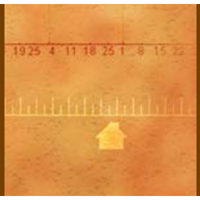
The EC, the Spanish Energy Agency (CNE) and the Spanish Energy Market Authority (CNMV) have authorised Enel and Acciona's takeover bid for Endesa. The EC has approved the merger without any conditions. The CNE's approval is subject to 12 conditions which Enel and Acciona have appealed against to Spain's Ministry of Industry. In addition, the Spanish government has lifted the 3 per cent limit on Enel's voting rights in Endesa under the condition that the Italian utility guarantees the supply of natural gas in the Spanish market and informs the government of any decisions that affect public interest or public security. The period for Endesa's stakeholders to accept Enel and Acciona's bid started on 31 July and will finish on 1 October.

ABC, 31/07/07; Enervia, 30/07/07, 26/07/07, 06/07/07; Cinco Días, 30/07/07

Government Lifts Cap On The Amount Of Gas That Sonatrach Will Be Allowed To Sell Directly To End-Users In Spain

The Spanish Government has lifted the cap on the amount that Algerian state-owned company Sonatrach will be allowed to sell directly to end-users in Spain. The annual cap was previously set at 1 bcm (billion cubic meters) of gas. In addition, the government has withdrawn five of the eight conditions it had previously imposed on Sonatrach when it allowed that company to increase its share from 20 per cent to 36 per cent in the Medgaz gas pipeline that will link Spain and Algeria in 2009.

Enervia, 24/07/07



Government Approves 2008-2012 Energy Efficiency Plan

The Spanish Government has approved the 2008-2012 Energy Efficiency Plan. The Plan foresees a saving of 88 million tons of oil equivalent in primary energy use in that period, which is equal to 60 per cent of Spain's annual consumption. The government has earmarked €2.367 million to be spent in different instruments such as communication campaigns, environmental audits, replacement of electric appliances, improvements in public and private lightning, promotion of cogeneration facilities, development of urban transport policies, and changes in vehicle taxation regulation.
Europa Press, 21/07/07

Switzerland

Government Tightens Clean Air Rules For Biomass Plants

The Swiss Federal Government has tightened the clean air rules for biomass plants, making dust filters compulsory on large heating plants. The new rules aim to reduce smog by cutting emissions from biomass plants during the heating season.
Platts EU Energy, 27/07/07

North American News

US

TXU Ordered To Pay US$5 Million Penalty To Regulators

State regulators ordered electric utility TXU Corporation to pay a US$5 million penalty for illegally extending the contracts of 4,000 small businesses by a year when they didn't respond to renewal notices. According to the Public Utility Commission, TXU's retail-electric division told customers it would renew a contract for 12 months if customers didn't reply to renewal notices. But the PUC said its rules limit automatic renewals by retail electric providers to 31 days. The commission approved the US$5 million penalty, under terms of a settlement reached in June by regulators and TXU officials. Separately, the PUC ordered the city of Garland to pay US$6,035 in penalties involving two settlement agreements regarding electricity scheduling issues last year. The PUC began investigating TXU's automatic renewals of small-business customers in October 2006. It said TXU cooperated during the investigation.
The Associated Press, 23/07/07

FERC Directs Investigation Of NYISO Capacity Market

The Federal Energy Regulatory Commission directed its Office of Enforcement to investigate allegations of manipulation of the New York Independent System Operator's installed capacity market for New York City. In a July 6 order, the Commission also said it will hold a paper hearing on reform of the New York City installed capacity market, where prices last year continued to rise despite the addition of 1,000 MW of capacity, which left the city with a capacity surplus.

Public Power Weekly, 16/07/07

Bill May Make It Tougher for Foreign Purchases of US Energy Assets

The US Senate passed legislation by voice vote that could make it tougher for foreign companies to buy US electric power companies and other domestic energy assets. The Senate measure (HR 556) would revise the operations of the inter-agency Committee on Foreign Investment in the United States (CFIUS), which reviews the national security implications of foreign acquisitions or takeovers of companies involved in interstate commerce in the United States. The House passed a similar bill to strengthen US reviews of foreign investments in late February. A formal House-Senate conference to reconcile the two bills may not be necessary, given their similarities and the strong bipartisan support for the legislation. Lawmakers called for reforms last year when CFIUS approved the sale of a US port operator to Dubai Ports World, a United Arab Emirates-owned company, without conducting the required investigation into the national security implications of the deal. Also raising concern was China's CNOOC Ltd's politically charged US$18.5 billion bid for Unocal in 2005. The offer by CNOOC, China's largest producer of offshore oil and gas, came under intense scrutiny in Washington.

NGI's Daily Gas Price Index, 03/07/07

TEP Proposes Rate Hikes; Time-Of-Use, Tiered Billing Plans

Tucson Electric Power Co formally filed a rate case Monday that would increase average electric rates by as much as 23 per cent overall beginning in 2009 after a 10-year rate freeze. According to TEP, depending upon which of three rate plans the Arizona Corporation Commission adopts, residential customers would see an average increase of between 8 per cent and 13 per cent - or about US$98 to US$129 annually over the current average bill. TEP also wants to build in tiered rates that would raise costs with greater energy use, and to place all new customers on time-of-use rates to encourage conservation. TEP last raised its rates in 1996. After that, the company implemented three annual 1 per cent rate decreases until July 2000, when the current rate freeze took effect, keeping TEP rates below what they had been in 1994. Since then, costs of fuel,

materials and labour have soared, and consumer prices have risen 42 per cent. The utility has presented three different rate plans for the Arizona Corporation Commission to consider: one based on market rates; one based on usual cost-of-service regulation; and one that is a hybrid of the two approaches.
McClatchy-Tribune Regional News, The Arizona Daily Star, 03/07/07

Canada

Ontario Sets Regulation To Close Coal Plants By End Of 2014, Seeks Comment

Ontario has drafted a regulation to close all its coal-fired plants by New Year's Eve 2014. The regulation follows through on a promise made by Premier Dalton McGuinty last month that Ontario would phase out coal by 2014 and reduce greenhouse gas emissions. The regulation means any subsequent government will have to change the law if it wants to keep the plants open. With a regulation that dictates the closures, people now have until 11th August to submit their thoughts and suggestions, including what can be done to convert the plants into more environmentally friendly facilities.
The Associated Press, 12/07/07

Central And South American News

Mexico

2007-2012 National Infrastructure Program Made Public

President Felipe Calderon has unveiled the 2007-2012 "National Infrastructure Program", with investments of 822,000 million Pesos (US$74,901 million) in the hydrocarbons sector, 380,000 million Pesos (US$34,626 million) in the electricity sector and 379,000 million Pesos (US$34,535 million) in refining, gas and petrochemicals. The Program's targets include maintaining oil production above 2.5 barrels per day by 2012, expanding electricity generation capacity by 9 GW and increasing energy from renewable sources.
Global Insight, 20/07/07; Business News Americas, 19/07/07

Argentina

Government To Subsidise Manufacturing Companies' Liquid Fuel

The Argentinean government has planned a subsidy by which companies using natural gas or electricity as essential inputs can obtain diesel or fuel oil at the same cost as natural gas. The subsidy will last for 90 days and is intended to save natural gas. Interested companies had until 31st July to register. Argentina is suffering an energy crisis which has subjected energy consumers to power and gas restrictions.
Dow Jones International News, 16/07/07

Government Increases Gasnor Tariff

Argentina's government and gas distribution company Gasnor have renegotiated the Gasnor concession contract, resulting in a 15 per cent increase in tariffs for industrial customers and a new tariff increase by mid 2008. In addition, Gasnor has committed to invest 8.5 million Pesos (US$2.72 million) and 10.3 million Pesos (US$3.296 million) during 2007 and 2008 respectively, although it is not obliged to increase its supply of gas in 2008.

El Cronista Comercial, 04/07/07

Brazil

Regulator Approves Natural Gas Price Adjustments

Brazil's energy regulator, Aneel, has approved adjustments for Natural Gas prices of CEG and CEG Rio. Prices will increase by 0.6 per cent and 2.4 per cent for residential and industrial consumers, respectively, while commercial customers' prices will increase between 0.5 and 2.6 per cent. In addition, Natural Gas for Vehicles (NGV) will increase by 2.6 per cent.

O Globo, 04/07/07

Regulator Approves Tariff Reduction For Eletropaulo

Brazil's energy regulator, Aneel, has revised tariffs of AES Eletropaulo, the distribution company in the southern state of São Paulo, and decided to reduce the company's tariffs by 8.43 per cent on average. This reduction will imply a 12.66 per cent and 10.45 per cent reduction in low and high voltage customers' tariffs, respectively. In addition, the regulator has decided to set an X factor equal to 2.42 per cent and an average depreciation rate of 4.32 per cent.

Folha de São Paulo, 04/07/07; Gazeta Mercantil News , 03/07/07;
O Globo Tempo Real, 03/07/07

Regulator Approves Tariff Increase For Celtins

Brazil's energy regulator, Aneel, has authorised a 6.05 per cent increase in electricity tariffs for high voltage consumers of Companhia de Energia Eletrica do Estado do Tocantins (Celtins), the distribution company in the northern state of Tocantins. These adjustments take into account the company's costs and the inflation rate.

Folha News, 03/07/07

Power Auctions Delayed

Brazil's energy ministry decided to postpone the power auctions scheduled of 10 July in order to extend the time available to verify documents sent by interested companies. These auctions were for delivery periods starting in 2010 and 2012, respectively. This is the second time the government has postponed these auctions, which were initially scheduled for 24 May (see previous GERN issue). There is no scheduled date for the second auction, while the first one was held on 26 July. In the auction, 36 distributors bought a total of 1.304 MW in 15-year contracts at an average price of 134.67 Reais (US$71.39) per MWh.

27/07/07 Gazeta Mercantil, 27/07/07 Global Insight;
Business News Americas, 03/07/07

Chile

Regulator Increases Prices Due To Higher Energy Costs

Chilean energy regulator, CNE, has approved a 4.9 per cent increase in electricity bills of the Central Grid (SIC) consumers while electricity bills of those clients in the Northern Grid (SING) will increase by 4.4 per cent. These increases are due to the increase in energy costs because of the reduction in natural gas imports from Argentina during the past few months. Argentina's energy crisis has forced the country to decrease natural gas exports in order to cover internal demand.

El Cronista Comercial, 19/07/07; Global Insight, 19/07/07

Ecuador

President Resubmits Hydrocarbons Bill

After last month's rejection, Ecuador's President Rafael Correa has resubmitted to Congress the bill that reforms the hydrocarbons law. The bill, that aims to fight fuel "smuggling" through tougher fines and penalties, was rejected last month because of its unconstitutionality (see previous GERN issue). Now, Correa has tagged the processing of the bill as urgent.

Business News Americas, 11/07/07

Government Freezes Regular Electricity Tariffs And Reduces Electricity Tariffs For Low Consumptions Customers.

Ecuador’s Consejo Nacional de Electricidad (Conelec) has decided to freeze electricity tariffs for next year. In addition, Ecuador’s government has launched the so-called “dignity tariff”, which reduces tariffs to US$0.04 for those consuming less than 130 kWh in the coastal regions and less than 110 kWh in the mountain regions. A state subsidy of US$28 million will be assigned in order to finance this tariff reduction. Finally, the government has cancelled the debts of those clients of Corporación para la Administración Temporal Eléctrica de Guayaquil (Categ) consuming less than 130 kWh.

Business News Americas, 03/07/07; AP Spanish Worldstream, 03/07/07; El Comercio, 02/07/07; 01/07/07

Peru

Ministry Awards Concession To Carry Out Studies For Transmission Line

The Peruvian energy and mines ministry has awarded generator Quitaracsa a 24 month concession to carry out studies for the 220 kV transmission line from Quitaracsa to Chimbote, in the Northwestern department of Ancash.
The line would cover the districts of Huallanca and Santo Toribio, in Huaylas province, and Cáceres del Perú, Chimbote Santa and Macate, in Santa province.

Businesss News Americas, 30/07/07

Congress Committee Approves Power Concessions Bill

The Peruvian Congress’ energy and mines committee has approved a bill that modifies the power concession law. The bill, which was submitted in April by the government, is intended to guarantee investments by introducing some administrative procedures. It will reduce extensions for temporary concessions to one year from two and it will also increase project financial reporting requirements.

Business News Americas, 04/07/07

Asia Pacific News

Armenia

Regulator Approves Electricity Contracts

The Public Services Regulatory Commission has approved the form of electricity power supply contracts between suppliers and consumers. The Head of the Licensing and Legal Affairs Department Hamayak Amiragyan reported that under the contracts, suppliers are required to ensure high-quality energy supply to consumers, and consumers are required to make timely payments for the energy consumed. In case the parties fail to fulfil their commitments, they may be in breach of Armenia's Regulations of Electric Power Supply Consumption law. The Commission has instructed the Electric Networks of Armenia to conform with the contracts before 1 April 2008.

ARKA – NEWS (Armenia), 09/07/07

Australia

Final Guidelines Released For Planning Rule

The Australian Energy Markets Commission (AEMC) has released the final guidelines to accompany the recent rule regarding its last resort planning rule. Under the rule, the AEMC has the power to instruct relevant parties to undertake a regulatory test to address critical transmission issues. The final guidelines incorporate submitted recommendations on the process of obtaining information and instructing parties. However, under proposed energy market changes, the AEMC is exploring options to develop a national transmission planning role that may potentially affect this rule.

AEMC News Release, 10/07/07

New Zealand

Transpower Project Given Final Approval

Six months following the intention to approve (see previous GERN), the Electricity Commission has given the go-ahead to a new transmission line proposal by Transpower. This follows an extensive consultation process after the first proposal was unanimously declined by the Commission last year. The project includes over 190 km of above-ground lines, pylons and underground cables running at an initial 220 kilovolts, with the potential to increase to 400 if future demand requires.

Electricity Commission News Release, 05/07/07

China

SERC Sets Priorities for Forward Work Plan

In a discussion of its forward work plan, the State Electricity Regulatory Commission (SERC) has said that it will expand the trading of electric power generating rights. The SERC plans to strengthen rules regarding market access, dispatching and electricity price setting, and will work to close down small thermal power stations and support the launch of large power generation projects. The shift from large to small generation projects is intended to promote energy efficiency and reduce emissions.
Asia Pulse, 23/07/07

SGCC Establishes New Power Exchange

The State Grid Corporation of China (SGCC), the nation's largest power transmission company, has opened a power exchange in Beijing, which is intended to assist in balancing supply with demand. The SGCC now has 30 power exchange centres in China. According to analysts, the power exchanges promote the efficient use of resources. The exchanges will become more common as grid companies strengthen links between regional grids. China's grid companies are making extensive investments in order to connect power networks.
Asia Pulse, 13/07/07

Oil Producers Apply for Price Rise

China Petroleum & Chemical Corp and China's largest oil producer PetroChina are among several firms seeking regulatory approval from the National Development and Reform Commission for a gasoline and diesel price increase. Recent high oil prices on international markets have squeezed local refiners' margins and prompted the application for a revision to retail prices. Retail prices have not changed since January.
AFX International Focus, 09/07/07

India

Downstream Gas And Petroleum Regulator Established

India has set up a downstream petroleum and natural gas regulatory body. Lalit Mansingh, who has taken over as the chairman of the Petroleum and Natural Gas Regulatory Board, is likely to become the downstream regulator. The government has appointed four other energy and legal experts as members of the board. India's parliament approved the creation of the board in March 2006. The regulatory body will oversee the refining, processing, storage, distribution and marketing of petroleum products and natural gas. The board also has the power to acquire any oil and gas assets in emergency situations. The petroleum ministry will continue to regulate the upstream sector through its Directorate General of hydrocarbons.
Platts Commodity News, 04/07/07

Indonesia

Government Considers Mandatory Biofuel Use

The Indonesian government is considering a regulation that will make the use of biofuels mandatory. The National Biofuel Development Committee is studying how the regulation could be applied. The government's suggestion follows a statement from state-run oil and gas firm PT Pertamina that it may wind-up its biofuel business by the end of this year, as the high price of raw materials is causing the company to incur large losses.
Xinhua News Agency, 30/07/07

BP Migas Sets Gas Transmission Toll

Indonesia's downstream oil and gas regulator, BP Migas, has set a fee of US$1.47 per million British thermal units (MMBtu) for the use PT Perusahaan Gas Negara's (PGN's) gas transmission pipeline running from South Sumatra to West Java. According to PGN, BP Migas has also given PGN exclusive operating rights to the pipeline. PGN's main customers include Indonesia's biggest electricity firm, PT Perusahaan Listrik Negara, which buys gas from PGN at US$4.5 per MMBtu. PLN will use the gas to supply its Muara Tawar power plant in West Java. The gas supplied will come from the ConocoPhillips gas field in Grissik.
AFX Asia, 10/07/07

Indonesia to Develop Coal Seam Methane to Boost Gas Production

Purnomo Yusgiantoro, Indonesia's Minister of Energy, has said that production of coal seam methane could help increase the country's LNG exports and gas availability. Indonesia is the world's largest liquefied natural gas (LNG) exporter, supplying 47.2 per cent of the global market but it may lose its dominance because its gas fields are depleting more quickly than expected. Global demand for LNG is rising, prompted by substitution by some countries from oil in favour of gas. In 2005, 178 billion cubic miles were traded globally, compared to 88 billion cubic miles in 1995. Cubic meter miles are calculated as quantity of cargo multiplied by the number of nautical miles carried. As more LNG facilities are built around the world, demand is likely to rise further.
Pipeline & Gas Journal, 01/06/07

Philippines

Psalm Cleared of Price Fixing

State-run Power Sector Assets & Liabilities Management Corp. (Psalm) will not face enforcement action from the Energy Regulatory Commission (ERC) regarding allegations of price fixing in the wholesale electricity market. The ERC has concluded that there is insufficient evidence to support the allegation. The Philippines' spot market operator, Philippine Electric Market Corp. (PEMC), claimed in November that Psalm inflated power prices during peak hours between August and September 2006. PEMC claimed that Psalm raised the average electricity price in peak hours to PHP4.853 per kilowatt-hour (kWh) from PHP3.076/kWh. Psalm denied the accusation.

Dow Jones International News, 09/07/07

First Generation Granted Wholesale Licence

The Energy Regulatory Commission has granted First Generation a wholesale aggregator licence, enabling it to sell electricity to distribution utilities and electric cooperatives. Most of the power that First Generation Energy will supply will come from First Generation's generation assets, but it will only sell output from capacity that is not covered by "a transition supply contract". First Generation Energy will initially sell around 60MW of output from the 122MW Pantabangan hydropower plant. First Generation said the licence will help it to "reach beyond its current customer base and serve large customers, especially those with needs that go beyond energy supplied at a competitive price". First Generation has 1,800 MW of capacity.

Global Power Report, 21/06/07

Thailand

Petroleum Products Price Cut

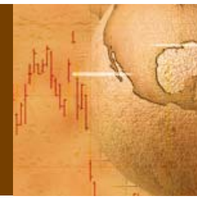
Thailand's oil and gas conglomerate PTT has cut retail prices of gasoline by THB0.40 a litre. Following the cut, the retail prices of premium and gasoline are THB29.99/litre and THB29.19/litre, respectively. The retail price of high-speed diesel will remain unchanged at THB25.74/litre. The price reductions follow reductions in the price of crude oil and refined oil on international markets. PTT, which used to be known as the Petroleum Authority of Thailand, sets the prices of local petroleum products.

Dow Jones International News, 13/07/07

Vietnam

Nuclear Energy Plan Outlined

The Vietnamese Prime Minister has approved a new atomic energy plan to run from now until 2020. The plan aims to develop nuclear power generation and expand applications of radiation and radioactive isotopes in the fields of healthcare, agriculture and industry. Other goals include training a workforce proficient in applying nuclear technology and the enhancement of nuclear safety. The Ministry of Science and Technology will coordinate with other agencies on transposing these proposals into law.
Thai News Service, 30/07/2007



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