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Global Energy Regulation

Contents

EUROPE

UK

Ofgem Proposes Reforms To Network Price Controls

Ofgem has proposed a range of reforms to its network price controls. Ofgem will extend price control periods to eight years with reviews of companies' output requirements every four years. It will also focus regulation on total expenditure ("totex"), formalising its recent decision at the last distribution price control review to capitalise a fixed proportion of total expenditure. Ofgem will also consider extending electricity network depreciation asset lives and reducing gas network depreciation asset lives. The new set of proposals will replace the RPI-X approach to regulation with a system to be known as RIIO (Revenue = Incentives + Innovation + Outputs). It will also extend current funding arrangements for research and development, such as the low carbon networks fund. Overall, Ofgem will link revenues more closely to outputs, to make it easier to identify and penalise companies that fail to deliver benefits to customers. "Efficient" companies will earn higher returns and will be offered "fast-track" price control reviews.
Ofgem website, 26/07/10

Government Proposes Power Market Reforms In First Annual Energy Statement

In its first Annual Energy Statement, the new coalition government has set out 32 actions that will form the basis of its energy policy. The actions include plans to conduct a detailed review of electricity market design. The government said that its Electricity Market Reform project will consider the role of the carbon price, an emissions performance standard, a revised renewables obligation, feed-in tariffs, capacity mechanisms, and other interventions. The government also announced a review of gas market arrangements, with the aim of improving security of supply, and a review of the role of Ofgem.
DECC website, 27/07/10

Ofgem Publishes Electricity Wholesale Market Liquidity Assessment

Ofgem has published an assessment of liquidity in the British wholesale electricity market. The document examines whether industry-led initiatives are improving overall liquidity levels and the ability of small and independent market participants to meet their hedging requirements. Ofgem found that some aspects of liquidity have improved, such as through a sustained increase in the churn rate (the ratio of traded volumes of electricity to final consumption) since 2005 and due to industry-led innovation, such as the launch and growth of the N2EX trading platform. However, while liquidity in the prompt market has improved, it is weaker in the longer-term forward market, where a range of industry stakeholders report difficulty in meeting their hedging requirements, and where there is evidence of increasing bid-offer spreads. Smaller market participants also report difficulties in trading.

Ofgem website, 29/07/10

Belgium

Fluxys Adapts Ownership Structure To Comply With Regulation

Fluxys and majority shareholder Publigas are to adapt their structures into a new arrangement that takes account of recent changes in Belgian legislation regarding the independence of system operators vis-à-vis natural gas suppliers. A new structure is required by the new Gas Act (amended by the Act of 10 September 2009). It obliges Fluxys to divest shareholdings in companies in which a supply company, or a company affiliated to such a company, also holds membership rights. This obligation applies to Fluxys's shareholdings in BBL, Interconnector, and C4Gas. Within the new structure, Publigas will set up Fluxys Holding to hold Publigas's stake in Fluxys SA and companies with non-regulated activities in Belgium as well as companies active abroad. Fluxys SA will serve as the entity for regulated activities in Belgium.

Fluxys website, 30/06/10

Constitutional Court Annuls Law On Gas Transits

Belgium's constitutional court has annulled the Law of 10 March 2009 on gas transit flows. The court agreed with the Belgian energy regulator, the Commission de Régulation de l'Electricité et du Gaz (CREG), that a different regulatory treatment of transit from transmission is against the principle of non-discrimination. CREG welcomed the court's decision, saying it confirmed the transmission tariffs approved in late 2009 and in force since 1 January 2010, which did not distinguish between transmission and transit.

CREG website, 09/07/10

Regulator Given New Powers

A new ministerial decree designates some members of the Belgian energy regulator, the Commission de Régulation de l'Electricité et du Gaz (CREG) as "officers of the judicial police". The new powers imply that CREG will now be able to investigate and identify violations of laws on energy markets, and will be able to access information held by electricity and gas companies.

Belga, 23/07/10; lalibre.be, 24/07/10

Bulgaria

SEWRC Completes Annual Review Of Regulated Tariffs

The State Energy and Water Regulation Commission (SEWRC) approved an increase in regulated electricity prices. Household electricity prices will increase between 1.39% and 1.88%. NEK (the national electricity company) has increased the price of electricity supplied to distribution companies by 1.7%, transmission fees by 6.8%, and the transmission system operator's fees by 39.1%.

Platts Energy in East Europe, 16/07/10

European Union

European Commission Requests Poland To Comply With EU Gas Rules

The European Commission has requested that Poland remove the obligation it has imposed on gas importers to store a certain percentage of gas in Poland, as well as the restriction on access to the Yamal pipeline by third parties. According to the Commission, these measures discriminate against EU companies that import gas into Poland and endanger the security of gas supply in Poland, thereby infringing EU rules aimed at creating a single market for gas. The Polish government has two months to respond to the Commission's request. The case may be referred to the European Court of Justice if the Polish government's response is not deemed satisfactory. In a separate decision, the European Commission authorised state grants of €390 million (US$508 million) for an increase in gas storage capacity that will serve to enhance the security of gas supply in Poland.

European Commission website, 14/07/10 (and 23/06/10)

European Parliament Issues Draft Regulations On Gas Security of Supply

The Industry Committee at the European Parliament has approved a draft regulation aimed at protecting consumers in the case of a shortage of gas. This draft regulation was prompted by the 2008 and 2009 gas crises, when the supply of Russian gas through Ukraine to the EU was disrupted by disputes between these two countries. Under this proposal, households would have priority in the provision of gas in a gas supply crisis. Also, during winter periods, gas companies would be required to guarantee the supply for a minimum of 30 days to households and other protected consumers.
In addition, the proposal also requires member states to build additional gas storage capacity, ensure connections to the integrated EU gas network, and to end any dependence on a single third-country gas supplier.
European Union Parliament website, 13/07/10

France

Regulator Decides On Allocation Of North-South Transmission Capacity

The French regulator, the Commission de Régulation de l'Énergie (CRE), issued a decision on the allocation of transmission capacity between GRTgaz's South and North balancing zones. The capacity at stake is annual and multi-annual capacity, firm and interruptible, available from 1 April 2011. GRTgaz submitted a proposal on 25 May 2010 to CRE. The CRE accepted GRTgaz's proposal, which relies on a pro rata allocation with few changes.
Commission de Régulation de l'Énergie website, 08/07/10

Regulator Modifies Gas Distribution Tariffs

The French energy regulator, the Commission de Régulation de l'Énergie (CRE), has proposed a modification to the quality element of the distribution tariffs ("ATRD3") of GrDF and local distribution companies ("ELD"). These tariffs entered into force in 2009 and introduced a new regulatory framework that encourages gas DNOs to improve their efficiency, both in terms of cost control and the quality of service to network users. The latest proposal introduces new quality indicators and re-sets incentive levels based on historical values.
The CRE made its proposal on 29 April 2010, but has only now published it on its website.
Commission de Régulation de l'Énergie website, 13/07/10

Regulator Approves TSO's Investment Plan

The French energy regulator, the Commission de Régulation de l'Énergie (CRE), has approved the revised 2010 investment programme of RTE, the transmission system operator. RTE's investment programme adds up to a total of €1,184.9 million (US$1,500 million), which is €68.9 million higher than the old investment programme approved by CRE on 17 December 2009.

Commission de Régulation de l'Énergie website, 15/07/10

Environmental Law "Grenelle 2" Promulgated

The law on national commitment to the environment, called "Grenelle 2", was promulgated on 12 July 2010. The law focuses on six major "sites": (1) improvement of the energy performance of buildings and harmonisation of planning tools, (2) essential changes in the transport sector, (3) reduction of energy consumption and the carbon content of production, (4) preservation of biodiversity, (5) risk management, waste treatment, and preservation of public health, and (6) implementation of new ecological governance and foundation of more sustainable consumption and production.

Ministère de l'Écologie, de l'Énergie, du Développement Durable et de la Mer website, 22/07/10

Germany

Consultation Launched On The Marketing Of Electricity From Renewable Energy Sources

The German networks regulator, the Bundesnetzagentur (BNetzA), launched a consultation on the possible extension of an exceptional rule on the marketing of electricity purchased under the Renewable Energy Sources Law (EEG). The BNetzA had issued the exceptional rule in an ordinance amending the Equalisation Scheme Ordinance (which sets out cost recovery arrangements) in February 2010. Under the exceptional rule, transmission system operators are not obliged to sell electricity from renewable sources whatever the price on the exchange. In certain cases, they may set price limits to avoid selling at highly negative prices. The exceptional rule expires at the end of the year.

Bundesnetzagentur website, 21/07/10

Regulator Reports On Development Of Solar Plants

The German networks regulator, the Bundesnetzagentur (BNetzA), expects an increase in photovoltaic plants of more than 3GW in the first half of 2010. The BNetzA said that many plant operators wanted to secure higher feed-in tariffs under the Renewable Energy Sources Law (EEG), as the feed-in tariffs paid to plants starting operation after 30 June 2010 would be significantly lower. According to the EEG, the future level and rate of decrease in feed-in tariffs depend in part on the number of plants starting operation. The BNetzA said it would publish by 31 October 2010 the feed-in tariffs and rates of decrease applicable in 2011.

Bundesnetzagentur website, 27/07/10

Italy

Gas: New Proposals To Support Market Development And EU Integration

Aeeg, the Italian energy regulator, launched a new consultation document on proposals to improve and enhance the wholesale and retail markets for natural gas, by updating regulations on gas transport, balancing, gas storage, and gas distribution. The purpose of the consultation document is to identify the main regulatory provisions that need to be updated in order to develop the gas market consistently with the “Third Energy Package” and with Italian laws.

Aeeg website, 28/07/10

Netherlands

Industry Appeals Tribunal Declares Method Decisions Invalid

On 29 June 2010, the Dutch Industry Appeals Tribunal published its verdicts in a number of appeals (National Jurisprudence Numbers/LJN: BM9470, BM9471, and BM9474) by industry stakeholders against “Method Decisions” that set out the regulatory framework for the gas transmission, electricity transmission, and electricity distribution sectors. In each case, the tribunal declared invalid a Method Decision of the NMa, the Dutch competition authority.

For the national gas transmission operator, GTS, the Tribunal found the Method Decisions of 16 December 2008 to be invalid, because they are partially based on an unlawful policy note issued by the Dutch Minister of Economic Affairs. The Tribunal also decided that the NMa acted in violation of the Gas Act by

failing to develop a regulatory framework for gas transmission for the years 2006-08. As a result, NMa must now retroactively determine a regulatory framework for 2006-08 and redefine the regulatory framework for the current regulatory period, covering 2009-12.

For electricity transmission, the Tribunal found that the NMa's Method Decision of 26 September does not compensate Tennet, the Dutch electricity transmission system operator, for various costs associated with its acquisition of some high-voltage networks from distribution networks. As a consequence, the NMa must now develop a new regulatory method decision for the period 2008-10 that does compensate Tennet for these costs.

The Tribunal also declared invalid the Method Decision of 29 August 2008 for electricity distribution, citing an error in the determination of the quality factor, failure to compensate distributors fully for regional cost differences, failure to compensate for one-off costs associated with the transfer of high-voltage networks from distribution networks to Tennet, and failure to correct for efficiency catch-up in the determination of the x-factor. Again, the NMa must now redo the Method Decision for the 2008-10 period.
Rechtspraak.nl website, 29/06/10;
Eindhovens Dagblad and other Dutch newspapers, 01/07/10

NMa Orders Liander To Improve Safety Of Amsterdam Power Grid

The NMa, the Dutch competition authority, has ordered distribution network operator Liander to improve the safety of its public lighting network in Amsterdam. In a number of places, the network does not switch off at all, or not fast enough, following a short circuit in the network. As a result, there is a risk of members of the public being electrocuted if they come into contact with streetlights. The NMa has given Liander three months to come up with a plan, and one year to resolve the situation in high-risk areas.
Energiekamer website, 22/07/10

Romania

Romania Reforms Green Certificate Scheme

The Romanian Parliament has proposed a new legal framework for the remuneration of renewable generation. The proposals would reform the existing green certificate scheme to increase the mandatory quotas for electricity produced from renewable sources from 8.3% to 12% in 2012, which will then increase by 1% per year until it reaches 20% in 2020. It would extend until 2017 the decision that wind farms receive two green certificates per MWh generated. The government also plans to increase the penalty for non-compliance with the quotas from €70 to €110/MWh, indexed to inflation.

ADP Renewable Energy Track, 14/07/10; ENP Newswire, 15/07/10

Russia

Government To Sell Shares Of RusHydro And FGC

The Ministry of Finance and the Ministry of Economic Development of Russia announced the list of 11 large state enterprises to be offered for privatisation in 2011-13. The list includes RusHydro (a generation company that owns Russia's largest power plants, with total installed capacity of 25,400 MW) and the Federal Grid Company (FGC, the owner and operator of Russia's high voltage transmission network). The government is planning to sell 9.38% of shares in RusHydro and 4.1% of shares in FGC. Currently the state owns 60.38% of RusHydro and 79.11% of FGC.

Interfax, 28/07/10; WPS, 30/07/10

Spain

Agreement to Reduce Wind And Thermal Solar Premiums

The Ministry of Industry has reached an agreement with the associations of electricity producers using renewable energy sources to reduce the premiums paid to wind and thermal solar plants. This measure will result in estimated savings of €1,300 million over the period to 2012. Affected wind producers, about 25% of the total, will see a 35% reduction in their premiums. No premiums will be paid to thermal solar plants for one year, and authorisations for new installations will be postponed until next year.
In addition, both wind and solar producers will be subject to a limit in the number of hours that are remunerated via premiums on top of the market price. Other cuts are expected to follow in the remuneration of photovoltaic solar plants.

ABC, 03/07/10; El Mundo, 03/07/10; European Daily Electricity Markets, 05/07/10

Switzerland

Green Power Surcharge Remains Unchanged

The Federal Office for Energy (BFE) decided to leave the surcharge to support green electricity production in 2011 at CHF0.0045/kWh. The surcharge is levied on every kWh of electricity consumed and is used to finance feed-in tariffs for electricity produced from renewable energy sources and other measures in the amended Energy Law. The surcharge is re-set every year by the BFE.

Bundesamt für Energie website, 07/07/10

Federal Administrative Court Rules On Transmission Tariff Decision

On 6 March 2010 the Swiss regulator, ElCom, lowered electricity transmission tariffs by about 40%. In its decision, ElCom relied inter alia on the Electricity Supply Ordinance. On 8 July 2010, the federal administrative court, the Bundesverwaltungsgericht, confirmed a number of points in the ElCom decision that had been criticised. However, the court did find that charging system service costs to power generators (as per Art. 31b of the Electricity Supply Ordinance) was against the law. The costs at stake are about CHF200 million (US$190 million). ElCom is now considering how to proceed.

ElCom website, 14/07/10

NORTH AMERICAN NEWS

US

California PUC Struggles To Budget Solar Incentive Program

The California Public Utility Commission (CPUC) ordered a temporary suspension of new performance-based incentives under the California Solar Initiative, and of incentives for government and non-profit applicants that install solar panels on public buildings, as of 9 July. The Commission is also considering lowering the rebates for tax-exempt organizations. These entities were receiving higher rebate levels because they are not eligible for federal tax cuts. However, it was reported that over 33% of these entities were taking advantage of third-party financing arrangements to take advantage of federal tax credits. The CPUC reported that the budget for the Solar Initiative Program will be depleted well before the capacity goals are met, as participants are exceeding their budgets.

CPUC website, 09/07/10; SNL, 28/07/10

BGE Files Modified Smart Grid Proposal

Baltimore Gas and Electric Co. (BGE) has filed a modified proposal in response to the Maryland Public Service Commission's rejection of its initial plan to install smart meters and modules throughout its service territory. In an effort to appease the Commission, BGE has dropped the mandatory time-of-use plan and is proposing to make the rate plan optional. BGE is also proposing a mixed approach for cost recovery, through the traditional rate base and a "tracker", where the tracker would be initialized a year later then originally proposed to better align the benefits of the smart grid with initial costs to the customer.
SNL, 13/07/10; Energy Daily, 16/07/10

FERC Approves SPP's Transmission Planning Process

The new transmission planning process proposed by Southwest Power Pool Inc. was accepted by the Federal Electric Regulatory Commission (FERC) on 15 July. FERC reported that SPP's Integrated Transmission Plan (ITP) is consistent with approved transmission planning principles. ITP focuses on reliability and compliance, but also accounts for economic efficiencies and evolving environmental regulations. SPP will conduct 20-year and 10-year assessments on extra-high-voltage transmission solutions every three years and near-term assessments on lower-voltage transmission annually. SPP will use ITP to determine which projects to build and will use their newly approved highway/byway cost allocation plan to recover costs.
SNL, 15/07/10; Power Market Today, 16/07/10

FERC Approves NYISO's Transmission Rights Plan

The Federal Electric Regulatory Commission (FERC) accepted a New York ISO (NYISO) proposal to make long-term fixed-price transmission congestion contracts (TCCs) available to all load-serving entities for "non-historic" points of injection and withdrawal. The plan was originally filed in April in response to FERC's Order 681, which requires ISOs with organized markets to offer long-term transmission rights to all transmission customers. NYISO's plan originally allowed LSEs to obtain fixed-price TCCs based on each entity's historical use of the transmission system, but now allows them to obtain fixed-price TCCs between any point of injection and their load zone.
SNL, 15/07/10; FERC website, 15/07/10; NYISO website, 15/07/10

MISO Proposes Cost Allocation Methodology For New Transmission Projects

On 15 July, the Midwest ISO (MISO) and its transmission owners filed a proposal with the Federal Energy Regulatory Commission (FERC) addressing a cost allocation methodology for new transmission projects. The proposal asks for the creation of a new category of project, the Multi-Value Projects (MVP), which provide both reliability and economic benefits and have a regional impact. MVPs that are part of a regional plan will be allocated across the region on a postage-stamp basis. MISO plans to keep some existing cost allocation methodologies in place in order to avoid reallocation of present transmission costs. Interconnecting generators will continue to pay for individual network upgrades, and projects deemed small or limited will continue to be allocated locally.

SNL, 16/07/10; Power Market Today, 19/07/10

Consumer Concern Is Growing Over Smart Grid Programs

State regulators are calling for a more cautious approach to smart metering programs given consumers' growing concern over privacy and potential program benefits. The California Public Utilities Commission (CPUC) reported that communities throughout the state are passing ordinances to opt out of smart grid programs. The National Association of Regulatory Utility Commissioners (NARUC) has drafted a resolution urging state and federal agencies and utilities to conduct detailed analysis of costs and benefits to consumers of deploying smart metering programs. NARUC is also urging federal agencies to give states authority over smart metering programs and to provide extensive consumer education about the required technology upgrades.

SNL, 19/07/10; Energy Washington Week 21/07/10

Senate Puts American Power Act On Hold

Senate Majority Leader Harry Reid has stopped efforts to pass the American Power Act, a comprehensive climate change bill, before the Senate's August recess due to lack of votes. Instead, he will bring to the floor a limited climate bill in response to the Gulf of Mexico oil spill. Reid has suggested bringing New Jersey's spill provision to the forefront, which calls for an increase in the current liability cap for offshore oil spills from US$75 million to US$10,000 million. Massachusetts Senator Kerry, co-author of the American Power Act, has not given up on collecting the 60 votes needed to pass the bill. A spokesperson for President Obama says the President will continue to press the Senate for a more comprehensive climate bill that addresses greenhouse gas emissions.

Greenwire, 21/07/10; SNL, 22/07/10; SNL, 22/07/10; The Energy Daily, 23/07/10

FERC Approves Settlement, Ends Investigation Into NGPL Rates

FERC published a ruling which approves the settlement reached between Natural Gas Pipelines Co. of America LLC (NGPL) and its shippers, and ends the investigation into the company's rates. The settlement establishes lower maximum recourse reservation rates for all firm transportation and storage rate schedules. The settlement includes a rate moratorium, effective until 1 April 2016, during which NGPL will not make any restrictive changes to its tariff or propose market-based rates for any existing service. It ends a review begun at the end of 2009, when FERC suspected that NGPL, together with Northern Natural Gas Co. and Great Lakes Gas Transmission, might be over-recovering its cost-of-service from customers. The proceedings against Northern Natural Gas Co. and Great Lakes have both reached a settlement, though an appeal is pending against the Northern Natural Gas decision.

US Fed News, 26/07/10; SNL Interactive, 30/07/10

Arizona To Reduce Electricity Consumption 22% By 2020

On 27 July, the Arizona Corporation Commission unanimously approved new rules mandating utilities to reduce overall electricity consumption by 22% by 2020. The rules call for utilities and cooperatives to save 1.25% to 2.5% of consumption annually over the next 10 years. The commission expects utilities to use demand-side management programs and other incentives, including subsidizing the cost of energy-efficient appliances, to curb consumption. The Southwest Energy Efficiency Project estimates customers will save around US$9,000 million on their electric utilities bills over the next decade.

The Arizona Republic, 28/07/10; SNL, 28/07/10

Duke Energy Files Scaled-Down Advanced Metering Deployment Plan

In November 2009, the Indiana Utility Regulatory Commission rejected Duke Energy Indiana Inc.'s US$445 million proposal for deployment of advanced meters throughout the entire service territory. Duke Energy has now filed a scaled down proposal to deploy around 40,000 advanced meters costing nearly US$22 million in capital costs. The company is proposing to initialize pilots for time-differentiated rate options, and distribute solar generation and stationary battery storage with charging infrastructure for plug-in electric vehicles. After 12 months, if successful, it will file a new proceeding to request full-scale deployment.

WUNC (NC public radio) website, 29/07/10; SNL, 30/07/10

Mexico

Supreme Court Supports The Shut Down Of Electricity Utility

The Mexican Supreme Court has ruled that the government's decision to shut down the state-owned electricity transmission and distribution company Luz y Fuerza del Centro was not illegal. In October 2009, the Mexican federal government decided to shut down the electricity company on the grounds of its inefficiency, low quality of service, and high degree of internal corruption. The government's decision was challenged by the company's union of workers, but the Supreme Court's ruling states the workers' rights have not been damaged as they have the right to obtain compensation or to be hired by other state-owned electricity companies.

Agence France Presse, 05/07/10; El Confidencial, 30/07/10

CENTRAL & SOUTH AMERICAN NEWS

Brazil

Energy Regulator Redesigns Discount Scheme To Low Income Households

The Brazilian energy agency, ANEEL, has approved changes in the system that grants tariff discounts to low-income households. The original system that was implemented in January 2010 granted tariff discounts to households with a monthly consumption of less than 80 kWh. This criterion, based only on energy consumption, has led to unwanted outcomes in the selection of beneficiaries, which included, for example, vacation homes of households with a high income. According to the newly approved changes, beneficiaries of the discounts will have to certify that they are included in the government's census for social assistance (Bolsa Família) and that their income does not exceed half of the legal minimum salary. The overall number of beneficiaries is not expected to change significantly.

Investimentos e Notícias, 27/07/10; AE Conjuntura e Finanças, 27/07/10

Peru

Government Sets Minimum Tax Rates For Gas Exports

The Peruvian Ministry for Energy and Mining has issued a rule stating that the tax rate that gas companies have to pay for exports of gas cannot be lower than the corresponding tax rate that applies when the gas is sold in the domestic market. This rule was prompted by the criticism that the tax rate system discriminated against local consumption and would endanger domestic security of supply in the years to come. The rule implies an increase in the tax rate that gas exporters have to pay and will, therefore, require the government to renegotiate existing export contracts.

Business News Americas, 07/07/10; Perú 21, 07/07/10

Few Contracts Awarded In Second Renewable Energy Tender

The Peruvian energy regulator, OSINERGMIN, held the country's second tender for the supply of electricity from renewable sources. This process called for contracts to supply a maximum of 419 GWh per year from biomass, 21.1 GWh per year from solar, and for a maximum capacity of 338 MW from hydro plants. Although 24 participants submitted bids, only three of them were awarded contracts, for a total of 11.7 GWh per year from biomass and 19 MW of capacity from hydro sources. No contract was awarded for the generation of electricity from solar sources. The reason for these low award rates is that most bids exceeded the maximum prices set by the regulator: US$55 per MWh for biomass, US$210 per MWh for solar, and US$64 per MWh for hydro. According to the tender rules, these maximum prices were set but not revealed ahead of the auction.

OSINERGMIN website, 23/07/10

ASIA PACIFIC NEWS

China

NDRC Takes Control Of Coal To Gas Industry

The National Development and Reform Commission (NDRC) has taken control of regulation of the coal-to-gas industry. The NDRC announced that all new projects must be approved by the NDRC until a specific industry development policy is announced by the government. A large number of coal-to-gas plants have been planned in recent months in response to high gas demand and the moves are expected to slow the industry's growth.

Xinhua China Oil, Gas and Petrochemicals, 05/07/10

India

CERC Announces Renewables Energy Supply Set To Treble By 2015

The Central Electricity Regulatory Commission (CERC) has released new projections for renewable capacity. Under the plans, renewable energy will account for over 47 GW of capacity by 2015, which should more than meet the Country's 10% renewable electricity generation target under the National Action Plan on Climate Change. The solar sector will experience the fastest growth under the projections, reaching 4 GW by 2015, in line with the National Solar Mission to reach 20 GW by 2022.

Orissa Diary, 16/07/10; ADP Renewable Track, 19/07/10;

Newly Empowered PNGRB Holds Auction For Gas Distribution

The Petroleum and Natural Gas Regulatory Board (PNGRB) finally has the power to licence companies to set up and run city gas distribution networks as of 15 July, after the Petroleum Ministry enacted a crucial section of the PNGRB Act 2006. Following the transfer of powers, the PNGRB has announced its first auctions for the right to develop city gas distribution networks in eight new cities across West Bengal, Gujarat, and Punjab. Under current plans, the bidding will close in December 2010.

Financial Chronicle, 22/07/10; Bureaucracy Today, 30/07/10

India And Bangladesh Sign Power Transmission Deal

The Power Grid Corporation of India and Bangladesh Power Development Board have signed a power transmission agreement. The agreement will last 35 years and will allow Bangladesh to import up to 500 MW from India by 2012.
The West Bengal Energy Regulatory Commission has yet to decide on the transmission tariff for the exchange, although the tariff will be based on norms published by the Central Electricity Regulatory Commission.

IHS Global Insight Daily Analysis, 27/07/10; news.outlookindia.com*, 27/07/10*

Philippines

ERC Issues New Feed-In Tariff Guidelines

The Energy Regulatory Commission (ERC) has issued new guidelines for support of renewable electricity through feed-in tariffs. The feed-in tariffs will follow a "degression rate" structure, whereby the premium paid for renewable energy will decline over time. Generators of renewable electricity will see support last for 20 years, with feed-in tariffs for new entrants adjusting according to how well the country is meeting its renewable targets.

ERC website, 23/07/10

About Our Practice

NERA is at the forefront of the continuing transformation of energy industries worldwide. Our experts have developed approaches for introducing competition in segments such as power generation, where competition is workable, and for improving the regulation of sectors where it is not. We work with companies and governmental bodies worldwide to design competitive power markets and to develop tariffs and rules of access for regulated transmission and distribution systems for electricity and gas and transport of oil and oil products. With industry restructuring, we also help companies develop strategies for exploring new opportunities and minimising new risks, including issues related to climate change and other environmental initiatives.

NERA helps our clients to develop new regulatory strategies and, when needed, support our clients with analysis and testimony before regulatory commissions, antitrust and competition policy agencies, and domestic and international courts. Our economists help clients to decide which lines of business to pursue; to divest assets no longer consistent with their strategy; to identify and evaluate opportunities for mergers, acquisitions and investment; and to develop bidding, trading, contracting, and marketing strategies and organisations. Our work also includes designing and conducting energy auctions and providing strategy and valuation advice on mergers and acquisitions, the financing of energy companies, and the financial restructuring of distressed companies.

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NERA produces two newsletters that report and analyse energy matters around the world. *Energy Regulation Insights* summarise NERA's views on the economics behind topical developments in energy sector regulation. Previous issues have discussed regulators' use of "benchmarking", unbundling of networks, regulation of pipelines for CO_2 and other gases, and competition policy in electricity markets. The *Global Energy Regulation* Newsletter compiles brief summaries of news stories about energy regulation around the world. The coverage includes network regulation, industry restructuring, and the organisation of electricity and gas markets. The "GERN" allows energy sector professionals to easily keep in touch with looming problems, the latest developments in regulatory methods, and innovative solutions. To view the latest editions or to receive our newsletters each time they are published, click here: **www.nera.com/newsletters.asp**.

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