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EUROPE

UK

Ofgem Announces Penalty On National Grid Gas For Misreporting

Ofgem has announced that it intends to impose a penalty of £8 million on National Grid Gas (NGG) for a breach of reporting obligations. According to Ofgem's announcement, NGG has not profited from the misreporting, which relates to its obligations under the mains replacement programme. Ofgem stated that the level of the fine would have been higher had NGG not identified the error and cooperated with Ofgem's investigation of the reporting procedures at NGG.
Ofgem website, 06/01/11

UK Government Unveils Seven-fold Increase In Nuclear Power Plants' Liabilities

The Department of Energy and Climate Change announced a seven-fold increase in the liabilities that nuclear operators must take on for each of their sites. Under the proposals the government will require nuclear power operators to take on liabilities of €1,200 million, up from £140 million.
The proposals, which follow the Paris and Brussels Conventions on nuclear third-party liability, are more than the €700 million minimum required under the revised Conventions. The government has also widened the categories of damage to the environment for which operators are liable and the geographical scope of those eligible to claim compensation.
DECC website, 24/01/11

Ofgem Announces £95 Million Investment In Scottish Energy Networks

Ofgem has announced a new £95 million investment package over the next two years to increase the capacity of Scottish energy networks. The investment is part of the extra investment required to meet the government's carbon targets. Over the current transmission price control period (2007-2013), it represents funding additional to the £319 million announced in January 2010. The transmission companies will spend over £80 million on increasing capacity on the connection between the high voltage networks of England and Scotland to relieve a capacity constraint and to enable the export of renewable power from Scotland.

DECC website, 25/01/11

OFT Investigates Energy Supply To Customers Off Gas Grid

The OFT has announced a study into energy supplies to customers not connected to the main gas grid at DECC's request. The study will look at the market for heating oil, LPG and renewable energy sources. The OFT has launched the investigation earlier than originally planned in order to release its findings in time for its recommendations to be implemented in winter of 2011/12.

OFT website, 25/01/11

DECC Approves New 800MW Power Plant

The Department of Energy and Climate Change has approved a new 800-MW gas-fired power plant in Kent. The new plant will stand beside the existing Damhead Creek Power Plant and will be "carbon capture ready". There are provisional plans for the plant to provide heat to the local community in the future.

DECC website, 25/01/11

Ofgem Announces Results Of First Round Of Tender For Offshore Transmission

Ofgem has announced the eight bidders who have been successful in the first round of the second tender for the construction and ownership of high voltage transmission links with offshore wind farms. The tender will complete in summer 2011 and covers the investment in connecting a further 1.4 GW of renewable power. It follows an earlier tender for over £1,100 million of offshore transmission infrastructure. Ofgem will launch a third tender in the spring of 2011.

Ofgem website, 26/01/11

Austria

EEX Transparency Platform Expanded With Austria

Under a transparency initiative of the Association of Austrian Electricity Companies, the Austrian transmission system operator Austrian Power Grid (APG) is joining the EEX transparency platform, becoming the sixth equal cooperation partner, in addition to the platform's operator (EEX) and the four German transmission system operators: 50Hertz Transmission GmbH, Amprion GmbH, EnBW Transportnetze AG and TenneT TSO GmbH. Within the platform, APG is also responsible for the publication of data for the second Austrian transmission system operator, VKW Netz AG. As a result, fundamental data about the Austrian electricity market will be published on a centralised and neutral platform from mid-2011.

EEX website, 10/01/11

E-Control Refunds Renewable Electricity Charges

The Austrian energy regulator, E-Control, is currently considering applications for reimbursement of renewable electricity charges to end users. Austria's electricity consumers subsidise green electricity projects by €250-320 million per year. Under the 2009 Renewable Electricity Act, consumers can request reimbursement for part of these charges in certain circumstances, such as if they have paid more than 0.5% of their "net production value". Consumers can apply for refunds of annual charges over the period 1 January 2008 to 31 December 2010. The total refund by each renewable energy company is capped at €500,000 for this period. For 2008, E-Control has received 2,275 applications for a total refund of around €35 million. So far E-Control has made a decision on 1,142 applications, approving 906. For 2009, E-Control has so far received 1,724 applications.

E-Control website, 18/01/11

Belgium

Code Of Conduct For Access To Gas Infrastructure Published

On 5 January, the Belgian State Gazette published a Royal Decree implementing the Code of Conduct for Access to Gas Infrastructure in Belgium, covering the Belgian gas transmission network, gas storage, LNG facilities and access to the border-to-border transit pipelines. The Code of Conduct sets out rules about standardised contracts, terms and conditions of access, service programmes and other matters, with the intention of providing transparent and non-discriminatory access to these pieces of infrastructure.

CREG website, 12/01/11

Bulgaria

Ministry Plans Electricity Market Reform

The Bulgarian government is planning to pass a new energy law in March 2011 to ensure that Bulgaria complies with EU market rules requiring it to liberalise its electricity sector by March 2012. Among the new measures, the Bulgarian Economy ministry is planning to reduce the numbers of customers who can access regulated prices and to force the state-owned national utility company to sell more power on the wholesale market.

ADPnews Southeast Europe, 05/01/11; The Sofia Echo, 31/01/11

European Union

European Union Signs Strategic Gas Deal

The President of the European Commission, José Manuel Barroso, and the President of Azerbaijan, Ilham Aliyev, have signed a joint declaration on gas delivery for Europe. Under this deal, Azerbaijan commits to becoming a significant contributor of gas over the long term to the European Union, while Europe gives Azerbaijan access to its market. By facilitating the “Southern Corridor”, this deal will help to diversify routes of gas supply into Europe and, therefore, to enhance security of supply in Europe. The Southern Corridor entails the construction of several pipelines—such as Nabucco, ITGI, White Stream and TAP—to bring gas from the Caspian Sea to Europe. It is expected that, in the next few months, Azerbaijan will decide which of these pipelines to prioritise.

European Commission website, 13/01/11

European Commission Conditionally Approves Acquisition Of International Power By GDF Suez

The European Commission has cleared the proposed acquisition of International Power plc of England and Wales by GDF Suez S.A. of France. This clearance is conditional on International Power divesting its shareholding interest in T-Power—a Belgian power generator due to start production this year—and transferring this power plant’s operation and maintenance agreement to third parties. The Commission concluded that the acquisition could have enabled GDF Suez to use the T-Power plant to raise electricity prices in the Belgian wholesale market and to put its competitor, RWE Essent, at a competitive disadvantage. To resolve these competition policy concerns, International Power and GDF Suez proposed to implement both these measures, which were deemed appropriate by the Commission.

European Commission website, 26/01/11

Lithuania Lodges Gas Pricing Complaint Against Russia's Gazprom

Lithuania filed a complaint against gas supplier Gazprom, requesting that the European Commission (EC) investigate the possible abuse of dominant position by the Russian company. This complaint comes as a result of Gazprom offering reductions in the price of gas to Latvia and Estonia, but not to Lithuania. According to Lithuania, Gazprom should supply natural gas on "transparent, reasonable and non-discriminatory conditions". In response, Gazprom alleges that it has not breached the pricing conditions agreed with Lithuania.

This dispute started several months ago. It involves the Lithuanian authorities and two shareholders in the Lithuanian grid operator Lietuvos Dujos (Russian Gazprom, 37.1%, E.ON Ruhrgas, 38.9%). Gazprom and E.ON Ruhrgas threatened to interrupt Lithuania's gas supply in response to the country's refusal to issue an exemption to EU Directive 2009/73/EC regarding ownership unbundling of the activities of gas production, supply and transport.

EU Business, 25/01/11; The Parliament, 26/01/11

France

CRE Publishes Decision On Proposed Modification Of GrDF's Quality Of Service Incentives

The French energy regulator, CRE, made available on its website a decision of 28 October 2010 on a tariff proposal that, as of 1 January 2011, amended the regulatory incentive for quality of service applying to GrDF, the French gas distribution network operator. The proposal tightens annual targets for gas shrinkage and introduces financial incentives to improve GrDF's process of calculating shrinkage.

CRE website, 07/01/11

CRE Approves Standard Contracts For RTE Transmission Network Access

The French energy regulator, CRE, published a decision approving the proposed standard contracts of electricity transmission company RTE for network access by users. RTE had previously submitted its contract proposals, along with a consultation report of the Committee of Users of the Public Transmission Network (CURTE). The proposal followed a CRE decision of July 2009, setting out conditions and directions for the development of standard contracts for access to the public transmission network. This decision prescribes that such contracts should be based on "published models" that are clear and consistent with national and local laws, covering all areas relating to access to the transmission system.

CRE website, 13/01/11

Germany

BKartA Publishes Results Of Electricity Sector Inquiry

On 13 January, the German competition authority, Bundeskartellamt (BKartA), published the results of a sector inquiry into the electricity production and wholesale sector. The object of the inquiry was to examine competition and pricing on the German electricity production and wholesale markets in 2007 and 2008. According to the BKartA, competition on the market for the "first-time sale" of electricity remained unsatisfactory. Four companies (RWE, E.ON, Vattenfall and EnBW) held over 80% of this market. The inquiry also suggested that these companies held a dominant position on the German wholesale power market, since each of them was indispensible for covering electricity demand during a significant number of hours. The BKartA examined whether companies withheld power station capacity in order to force up the prices on the electricity exchange, but found no evidence to that effect. However, empirical analysis suggests that the companies have the ability and incentive to carry out strategic withholding. The BKartA concluded that continued monitoring of the electricity exchange and power station management would be advisable. The BKartA also stressed the need for greater access to power station production data under the market transparency scheme announced in December 2010.

Bundeskartellamt website, 13/01/11

Italy

Tariffs For Recharge Of Electric Cars

In a Memorandum submitted to the Transportation and Productive Activities Commissions of the Lower Chamber, the Italian energy regulator, Aeeg, has set out its view on the expected development of electric cars and highlighted actions taken to increase the use of such cars. During 2010, the regulator set network tariffs for recharging electric cars in private areas (e.g., in the home, in private parking, etc) and transitory provisions on tariffs for recharging in public areas.

Aeeg website, 22/01/11

Aeeg Communication To The Italian Parliament On Draft Decree On Renewables

The Italian energy regulator, Aeeg, sent a communication to the Italian Parliament and the government on the draft of the legislative decree that will transpose into Italian law the EU Directive on energy sources. In the regulator's opinion, the decree should clarify criteria and rules to promote renewable energy sources and should not defer them to subsequent implementation decrees in order to reduce uncertainty for investors. It should allow estimation of the costs that will be paid by final customers and should adopt market criteria to provide proper incentives to renewable energy sources.

Aeeg website, 26/01/11

Netherlands

Reform Of Renewables Support Framework

The Dutch Minister of Economic Affairs, Maxime Verhagen, sent the Dutch parliament a proposal for reform of the support mechanism for renewable energy ("Stimuleringsregeling voor Duurzame Energie; SDE") in the Netherlands. The goal of the proposal is to increase the efficiency of the support mechanism in meeting the EU target of 14% renewable energy by 2020. The Minister's proposal introduces a phasing of subsidies, puts a cap on subsidies at €0.015 per kWh of electricity produced, and requires preferential selection of relatively cheap technologies, particularly for projects priced below the cap for their category. The proposal no longer offers subsidies for offshore wind, solar power and large scale biomass facilities, all of which are eligible for subsidies under the current mechanism. The new support mechanism, called SDE+, is set to apply from 1 July 2011. It will be financed by a tax on consumers' energy bills and possibly by an additional tax on coal or natural gas, for which the Minister plans to issue a draft law by mid-2011. The proposal sets the budget for SDE+ at €1,500 million for 2011, down from about €4,000 million per year under the previous scheme, although the Minister has said that this amount will increase gradually.

Agentschap NL website, 02/12/10; European Energy Review website, 13/01/11

Network Companies To Stop Discriminating In Billing Service

According to NMa's Vision Document on Customer Billing ("Visiedocument Facturering"), network companies must provide an equal service for customer billing to all energy companies. Currently, energy suppliers that were previously integrated with a network company may receive preferential treatment over the billing of network charges to final customers. As a result, these suppliers can bill customers simultaneously for network services and energy supply at a lower overall cost than competitors who were not part of an integrated utility. NMa said that it wants network companies to offer the same services to all suppliers, but not how it will enforce this policy.
Energiekamer website, 11/01/11

NorNed Interconnector Joins Interregional Market Coupling

NMa has decided that, as of 12 January 2011, the capacity of the 700 MW NorNed cable is added to the coupled regional power markets of Central-West-Europe (France, Belgium, the Netherlands, Luxemburg and Germany) and the Nordic Countries (Norway, Sweden, Finland, Estonia and Denmark).
Until 12 January, capacity on the interconnector between the Netherlands and Norway was offered to the market in an explicit auction, so that transmission capacity and power had to be traded separately. Following the decision, transmission capacity is included in power trades and market opening times in both regions are synchronised.
Energiekamer website, 12/01/11

GasTerra To Introduce Measures To Increase Wholesale Market Competition

The Dutch Competition Authority, NMa, has held talks with GasTerra, the Netherlands' largest wholesale gas supplier, about measures that increase competition on the Dutch wholesale market for natural gas. The most important measure is that GasTerra will offer a gas storage service to other wholesale gas suppliers, improving their ability to deal with seasonal swings in gas demand. In addition, GasTerra will create a more diverse range of gas supply products, such as hourly or daily supply contracts, to widen other wholesalers' choices when buying gas. Overall, the measures are intended to increase the flexibility of market players in meeting demand for gas, and to increase wholesale gas trade, with the aim of lowering gas prices.
Energiekamer website, 18/01/11

Portugal

White Certificates System To Promote Energy Efficiency In Portugal

The Portuguese Council of Ministers approved the Energy Efficiency Program in Public Administration. According to this program, the General Directorate for Energy and Geology is now obliged to establish, within 180 days, a white certificates system for energy efficiency. Public institutions that exceed the 20% target reduction in their energy consumption will receive certificates that they will be able to sell in the market. These certificates will be issued by independent certification bodies. Other measures stated by the program include public institutions having to designate a “local energy administrator”, who will be in charge of setting out and verifying the measures required for improvement in energy efficiency.

Agência Lusa, 12/01/11; Actualidades, 12/01/11

Romania

Energy Regulator Approves Transmission Tariff Hike

The Romanian energy regulator, ANRE, approved a 10.4% increase in the transmission tariffs of the state-owned power network, Transelectrica. Tariffs will increase from 17 lei/MWh (US$5.43/MWh) to 18.77 lei/MWh (US$5.99/MWh). The tariff hike applied from 1 January 2011.

Mediafax News Service, 03/01/11; Seenews, 03/01/11

Government To Privatise Energy Companies

The Romanian government announced that it will sell all or part of its stake in energy companies remaining in government hands. The companies slated for the sell-off are the oil and gas group OMV Petrom, electricity network operator Transelectrica, gas transmission company Transgaz and gas producer Romgaz. The government expects to receive 2,850 million lei (US$902 million) for the sale.

Seenews, 19/01/11; Globaltrade.net, 19/01/11

Government Decision To Reduce Nuclear Stake Causes Private Sector Withdrawal

The Romanian government announced that it no longer intends to take a controlling stake in a planned nuclear power project. Under new plans the government will provide only 20% of the funding for the project. The moves, together with market uncertainty and concern about the regulatory framework, caused utility companies GDF Suez, Iberdrola, RWE and CEZ to pull out of the project. The only potential remaining participants are Enel and Arcelor Mittal, although observers do not expect them to stay in the project alone.

Dow Jones Business News, 20/01/11; Bloomberg, 20/01/11

Russia

Federal Grid Company Tariffs Approved For Five Years

Russian Federal Tariff Service approved the five-year RAB-based tariff formula of the Federal Grid Company (FGC). The FGC tariff for 2011 is increased by 32.91% from the previous year's level, to 116,783 roubles/MW (US$4,000/MW). By 2014, FGC's tariffs will reach 206,911 roubles/MW (US$7,000/MW).

Skrin, 11/01/2011; Oreanda, 11/01/11; Skrin, 17/01/11

Spain

Spanish Energy Regulator Opposes Increase In The Remuneration Of Gas Distributors

The Spanish energy regulator (CNE) criticised the government's decision to approve a 7.6% increase in the tariffs of gas distributors. The Spanish Ministry of Industry announced the increase last month. It implies an increase of 3.9% in the average consumer's gas bill. The energy regulator had previously informed the Ministry of its disagreement with such a tariff increase.

El Economista, 07/01/11; Jumanjisolar, 08/01/11

Government Starts Selling Electricity Tariff Deficit Bonds

The Electricity Debt Amortization Fund (FADE) started selling the electricity tariff deficit bonds. The first issue of bonds, which was paid an interest rate of 80 basic points over Treasury Bonds, amounted to €2,000 million (US$2,760 million). Throughout this year, the government plans to sell bonds amounting to €16,694 million (US$23,070 million), which corresponds to the total tariff deficit accumulated by 2010 plus the expected deficit in 2011.

Cinco Días, 14/01/11; Expansión, 26/01/11

New Clearing House Of The Iberian Electricity Market Is Created In Spain

OMIP and OMEL, the electricity market operators in Portugal and Spain respectively, announced the creation of the entity that will be OmiClear's clearing house in Spain. OmiClear is the clearing house for trades made in the Iberian electricity derivatives market and is responsible for the registration, clearing, settlement and risk management of those transactions. The incorporation of this new entity is considered an important step in the creation of an Iberian Market Operator and is expected to provide greater integration between spot and derivative markets in both countries.

OMEL press release, 26/01/11; Cinco días, 26/01/11

NORTH AMERICAN NEWS

Canada

Spectra Energy Agrees New Rate Settlement

Spectra Energy Corp. announced that it had agreed to a three-year negotiated rate settlement with the National Energy Board for its British Columbia pipeline. This pipeline constitutes the main natural gas system in British Columbia, with the capacity to transport more than 2.3 Bcf/day. The settlement covers the mainline transmission rates in British Columbia and Alberta through to 2013. The allowed rate of return on common equity is fixed for ratemaking purposes at 9.7%, with a 40% common equity ratio for the term of the settlement.

Foster Natural Gas Report, 21/01/11; SNL Financial website, 20/01/11

Alberta To Improve Integration Of Its Oil And Gas Policy And Regulatory System

The Government of Alberta has accepted recommendations from the Regulatory Enhancement Task Force for legislation to streamline and integrate the province’s upstream oil and gas regulatory framework. New legislation will include the creation of a single regulatory body to make all decisions currently taken by a range of environment, energy and resource departments. The task force also recommended the integration of natural resource policies, improved public participation, a streamlined approach to risk assessment and management, adoption of performance measures, and a mechanism for dispute resolution. All of its recommendations have been accepted.

Government of Alberta news release, 28/01/11; SNL Financial website, 31/01/11

US

EPA Sets GHG Standards Timelines For Fossil-Fuelled Power Plants And Oil Refineries

The Environmental Protection Agency (EPA) has set a timetable for the implementation of new source performance standards (NSPS) under the Clean Air Act. The regulations, which have not yet been detailed, will limit the rate of greenhouse gas emissions per unit of production from new and existing oil refineries and fossil-fuelled power plants. The standards will not, however, cap total emissions. The EPA decided several years ago not to include greenhouse gases as a part of its regular reviews of the plants at issue, but several states

and environmental groups sued the agency, resulting in settlements requiring these regulations. Under the settlements, the EPA will issue proposed standards for power plants by 26 July 2011 and finalize them by 26 May 2012; and proposed standards for oil refineries by 15 December 2011 and finalize them by 15 November 2011.
The Wall Street Journal, 23/12/10; Global Power Report, 06/01/11

Maryland May Move Away From Power Deregulation To Ensure Demand Is Met

The Maryland Public Service Commission issued a draft request for proposals, calling for the state's utilities to build up to 1,800 MW of regulated power generation. Alternatively, the utilities can buy 1,800 MW of power from competitive generators under long-term contracts. The RFP resulted from a PJM Interconnection warning to the Maryland PSC that there may be a gap in power generated for Maryland by 2015 due to transmission constraints elsewhere in the PJM grid. If approved, the PSC proposal would be a significant departure from Maryland's electric policy, which in 1999 required state utilities to spin off or sell their generation plants and instead to purchase power at market prices in competitive wholesale markets run by PJM.
Megawatt Daily, 03/01/11; The Daily Record, 06/01/11

DOE Proposes Eliminating Or Loosening Smaller Environmental Reviews

The Department of Energy (DOE) has proposed eliminating or lightening its environmental review process for a wide range of projects that are known to have little potential for significant impact. The DOE proposed adding 20 more exemptions to its list of "categorical exclusions" from federal review requirements. Further, the department seeks to expand numerous other categories. Examples of activities proposed are small-scale renewable energy projects, certain waste shipments and nanotechnology research projects. The DOE considers the move long overdue and says it will allow for an expedited review process.
Inside Energy, 03/01/11; World Gas Intelligence, 15/12/10

FERC Applies Tougher Standard For Rate Incentive Approval

The Federal Energy Regulatory Commission has issued an order that changes the way in which utilities can justify rate incentives. In the order, FERC rejected a Public Service Electric & Gas Co. request for rate add-ons associated with four large transmission projects in New Jersey. FERC declared in the order that a tougher policy was needed in awarding rate incentives. In the past, utilities could be granted rate add-ons based on the collected costs and risks of groups of projects. Under FERC's new order, utilities must file a single rate incentives request for each individual project.

Electric Power Daily, 04/01/11; Energy Daily, 07/01/11

Duke Energy Buys Progress Energy; Creates the Largest US Utility

Duke Energy has announced that it will purchase Progress Energy in a US$13,700 million stock-for-stock deal. The two companies together will create the largest electric utility in the US, serving 7.1 million customers in six states. The companies are targeting the end of 2011 to close the deal. Completion of the merger will require approval from the DOJ, FERC, the NRC, the North Carolina Utilities Commission and the South Carolina PSC. Protests against the merger are expected, but the utilities believe that the new Duke Energy will have little ability to sway wholesale market prices because 85% of their operations will be regulated, there is no retail choice in North and South Carolina, and wholesale market competition in the two states is already limited.

Penton Insight, 10/01/11; Power Market Today, 11/01/11

EPA Grants Biomass Plants Three Years Free Of GHG Requirements

The Environmental Protection Agency (EPA) announced a three-year deferral of greenhouse gas emissions rules for power plants and industrial facilities fuelled with biomass. The EPA said it will use that time to seek further information on biomass emissions and to decide how best to shape regulations. The decision reverses the controversial regulation of biogenic emissions which began on 2 January 2011.

Penton Insight, 14/01/11; Inside EPA Weekly Report, 14/01/11

Administrative Law Judge's Initial Decision Goes Hard On El Paso Natural Gas Co.

A FERC Administrative Law Judge has delivered an Initial Decision on the remaining issues in the 2008 rate proceeding involving the El Paso Natural Gas Co. The case has been in litigation for the past two-and-half years. The key determinations in this Initial Decision take a hard line on all issues left over from the former rate case. The issues reserved for hearing and a merits determination have been deemed unjust and unreasonable by the ALJ. According to the judgment, El Paso may not recover its development costs of the All-American pipeline, nor the Line 1903 project; nor is its proposed capital structure of 39.2% debt and 60.8% equity acceptable. The proposed short-term and IT rate design was not approved and the company must absorb costs unanticipated in its negotiation of Article 11.2 of the 1996 settlement with its shippers. This decision will now be referred to the full Commission for a final order.

FERC website, 14/01/11; Foster Natural Gas Report, 21/01/11

State Regulators Approve Rate Increase For Natural Gas Customers Of Ameren Missouri

The Missouri Public Service Commission has allowed Ameren Missouri to increase its gas rates by 3.4%. The monthly bill for a typical domestic customer will rise by about US$3.30, generating about US$5.6 million annually for Ameren Missouri. The company had requested a rate increase of US$11.9 million, based on a 10.5% return on equity. The settlement was silent on the allowed rate of return.

Associated Press Newswires, 20/01/11; SNL Financial website, 25/01/11

Peoples Gas System Customers To Get Refund

The Florida Public Service Commission has reached a settlement with Peoples Gas System, a business unit of Tampa Electric Co., over the company's earnings, which exceeded the 11.75% maximum rate of return on investment set by the Commission. The typical residential customer will receive a one-off credit of US$3.74 on the next bill, costing Peoples Gas around US$3 million.

Orlando Sentinel; Florida PSC website, 29/01/11

New Jersey Passes Law Promoting Construction Of New Gas-Fired Power Plants

New Jersey Governor Chris Christie has signed into law Senate Bill 2381, aimed at encouraging the construction of 2,000 MW of in-state, natural gas-fired generation by offering a decade of ratepayer-subsidized incentive payments. Lawmakers say the program will curb greenhouse gas emissions, create jobs and reduce New Jersey power costs, which are among the nation’s highest. Opponents—including a coalition of merchant generators, the Public Service Enterprise Group (New Jersey’s biggest power company) and the independent market monitor for PJM Interconnection (of which New Jersey is one of 14 member states)—call it a tax on ratepayers and warn that it will throw off PJM capacity markets and stifle new generation and demand response programs. Further, PSEG said the bill would cost ratepayers more than US$1,000 million a year, while generating companies have already invested billions in New Jersey on new generation, upgrades, environmental retrofits and efficiency programs.

Dow Jones Business News, 31/01/11; Reuters News, 31/01/11

CENTRAL & SOUTH AMERICAN NEWS

Brazil

Government Extends Charge On Electricity Until 2035

The Brazilian Federal Government extended until 2035 the charge paid by electricity consumers and used to fund the Global Reversion Reserve (Reserva Global de Reversão, or RGR). This charge was created in 1957 to fund potential damages paid to electricity companies at the end of their concession period. It was supposed to be eliminated at the end of 2010. In 2009 this charge accounted for about 1.5% of the average electricity bill and collected about R$1,600 million (US$960 million). Critics of the charge, such as the Brazilian Consumers Association (Abrace), allege that the funds were never used for its intended purpose, but are instead used to subsidise low-income consumers of electricity and generation from renewable sources, for which specific charges already exist. A formal request to eliminate the extension has already been filed with the National Congress, which is expected to study the issue within 60 days.

Investimentos e Notícias, 03/01/11 ; Clickpb.com.br, 07/01/11

Four Nuclear Plants To Be Built In Brazil

According to the Brazilian Minister of Mines and Energy, Edison Lobao, the construction of four nuclear plants will be approved in 2011. Neither the capacity nor the investment requirements for any of the plants has yet been determined. Two of these plants will be located in the northeast of the country, and are projected for completion by 2019 and 2021, while the other two will be located in the southeast, and are projected for completion by 2023 and 2025. Approval by the National Energy Policy Council for these four nuclear plants is still pending. These plans to construct nuclear plants come from the National Energy Plan to 2030, which was approved in 2007. This plan establishes that 6,000 MW of nuclear capacity will be installed in Brazil by 2030, compared with the 1,896 MW currently in operation.

Xinhua News Agency, 08/01/11; The Chartered Institute of Building, 11/01/11

ASIA PACIFIC NEWS

Australia

Process Guideline On How To Prepare A Transmission Network Support Pass-Through Application Released

The Australian Energy Regulator (AER) released a draft process guideline for transmission network service providers (TNSPs). The guideline describes how to prepare an application for pass-through of transmission network support. These applications will be made when a "network support pass through event" occurs, i.e., when the amount allowed in a revenue determination differs from the actual amount of network support payments incurred by a TNSP. Submissions are due by 11 March 2011.

AER website, 01/11

Australia Ratifies International Renewable Energy Statute

Australia has ratified the International Renewable Energy Agency (IRENA) statute. IRENA is an intergovernmental organisation, which focuses on increasing the use of renewable energy technologies worldwide. Australia will work with almost 150 countries as a result of the ratification, to speed up the development and deployment of renewable energy technologies.

Minister for Resources and Energy media release, 21/01/11

New Zealand

Proposal For 50 By 50 Emissions Target

The government issued a proposal to commit to a 50% reduction in greenhouse gas emissions in New Zealand by 2050. If pursued, the commitment would require a reduction in net emissions of 31 million tonnes a year. The Minister for Climate Change Issues noted that this target would need to be regularly reviewed in order to take into account new developments in emissions reduction technology, as well as global progress and scientific advice on climate change. Submissions on the proposed target are due by 28 February 2011.

Minister for Climate Change Issues press release, 29/01/11

China

State Grid Corporation Plans CNY 322bn Investment In 2011

The State Grid Corporation announced plans to make CNY 322,000 million (US$49,000 million) fixed-asset investments in 2011, mostly in grids. This is an increase of almost CNY 30,000 million (US$4,500 million) over investment in the previous year. The State Grid Corporation is planning significant investment over the next five years in construction of ultra-high voltage grids. The company expects regulatory approval for the majority of the new capital expenditure programs by the end of the year.

Beijing Times, 10/01/11; Sinocast.com, 10/01/11

Regulatory Commission Announces That SDIC Huajing Power Can Issue Convertible Bonds

The China Securities Regulatory Commission has accepted that SDIC Huajing Power can issue six-year convertible bonds valued at CNY 3,400 million (US$518 million). SDIC Huajing Power is a subsidiary of the state-owned State Development & Investment Corporation.

ADPnews China, 19/01/11; Allvoices.com, 21/01/11

India

Private Hydro Power Companies To Be Brought Under Tariff-Based Bidding

The Indian power ministry proposed a change in the National Tariff Policy which would make it mandatory for private players to bid for the allocation of hydro power projects through tariff-based bidding. The aim of the move is to create a "level playing field" between private and public sector companies, and to restrain private players from offering upfront premiums to state governments. Tariff-based bidding has been mandatory in the power sector since 6 January 2011, but hydro power was exempt. The change is likely to come into effect in 2016.

India Financial Express, 18/01/11; Infraline.com, 18/01/11

Bombay High Court Overrules Maharashtra State Order

The Bombay High Court decided that the Maharashtra government's 2010 order that Tata Power Company should compulsorily supply electricity to Reliance Infrastructure (Rinfra) was illegal. In 2010, the government of Maharashtra had asked Tata Power to supply 360 MW to Rinfra until June 2010 and, subsequently, 200 MW until March 2011. The decision by the High Court means Rinfra will have to purchase power to meet its demand.

Times of India, 20/01/11; profit.ndtv.com

Indian Government To Sell Additional 5% Stake In Oil and Natural Gas Corp

The Indian government announced plans to raise Rs 13,000 crore (US$2,850 million) in March through sale of a 5% stake in Oil and Natural Gas Corp, reducing its shareholding from 74.14% to 69.14%.

Bloomberg, 21/01/11; Asia Pulse, 24/01/11

Mula Pravara Cooperative Power Utility Loses Distribution Licenses In The State Of Maharashtra

The Maharashtra Electricity Regulatory Commission (MERC) awarded Maharashtra Electricity Distribution Company Limited (MSEDCL) electricity distribution licenses in five talukas of Ahmednagar, effective from 1 February 2011. The distribution service had previously been provided by the Mula Pravara Electric Co-Operative Society Ltd (MPECS), a cooperative which had distributed electricity in the area since 1971. MPECS is heavily burdened with debt and MERC stated that MPECS would not have the financial credibility and capability to procure power for distribution. MSEDL is to be merged into MPECS. Observers note that the decision could have political repercussions.

Daily News & Analysis (DNA), 28/01/11; Hindustan Times, 28/01/11

India Coal Ministry Requests Provinces To Prevent Projects In Coal-Bearing Areas

India's coal ministry issued a communication to a number of provinces asking them to limit infrastructure activities in areas that could potentially contain large deposits of coal. The federal Coal Minister, Sriprakash Jaiswal, said "While the coal companies are constantly endeavouring to expand their activities and increase production, on our part, we need to ensure that the coal reserves are not sterilized by setting up large super-structures on the coal bearing areas".

Dow Jones International News, 31/01/11; newkerala.com, 01/02/11; NetIndian.in, 02/02/11

Japan

Kyushu Submits Nuclear Proposal

The Kyushu Electric Power Company sought permission from the Ministry of Economy, Trade and Industry to build a 1,590 MW nuclear power plant. The plant would be located on Kyushu Island in western Japan.

Platts.com, 12/01/11; Power in Asia, 20/01/11

Philippines

Energy Regulatory Commission Issued Draft Determination On Coming Control Period For Manila Electricity Company

The Philippine Energy Regulatory Commission (ERC) issued a draft determination on the revenue allowance for the largest electricity distribution company in the Philippines, Meralco, for the coming control period, 1 July 2011 to 30 June 2015. Discussions continue and observers disagree about the likely net impact on consumers of the current determination.

Manilla Bulletin, 07/01/11; Manila Bulletin, 17/01/11; Philippine Daily Inquirer, 20/01/11; The Philippine Star, 21/01/11; Manila Bulletin, 01/02/11

National Grid Corporation (NGCP) Transmission Rates Likely To Go Down

The Philippine Energy Regulatory Commission provisionally approved the maximum annual revenue of the National Grid Corporation of the Philippines (NGCP) for 2011 at P46,284 million (US$1,000 million). As a result, NGCP's indicative monthly transmission charge is expected to fall in 2011 by an average of P2.64/kW, from P366.92/kW in 2010 to P364.27/kW.

Philippines News Agency (PNA), 23/01/11; Manila Times, 24/01/11

SPUG Napocor Seeks Power Rate Hike For 31 Off-Grid Areas

SPUG, the National Power Corp's Small Power Utilities Group, asked the Philippines Energy Regulatory Commission for an increase of P1.51/kWh (US$0.03/kWh) on average through the Incremental Exchange Rate Adjustment (ICERA) and the Generation Rate Adjustment Mechanism (GRAM). SPUG provides electricity in remote areas that are not connected to any of the three main power grids and maintains a number of small power facilities in these areas.

Philippine Daily Inquirer 24/01/11; BusinessWorld, 25/01/11

Thailand

Thai Government Announces Bidding Results For Small Power Producer Programme

Thailand's Energy Regulatory Commission (ERC) announced bidding results for licences to build and operate co-generation power plants under the government's small power producer (SPP) programme. The ERC approved close to 2000 MW of capacity, about half of the total plant proposed by bidders in September 2010.

IHS Global Insight Daily Analysis, 07/01/11; Thai News Service, 07/01/11; Power in Asia 20/01/11

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