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Global Energy Regulation

Contents

EUROPE

UK

Ofgem Sets Renewables Obligation Buy-Out Price And Mutualisation Ceiling

Ofgem has announced the new buyout price of £38.19 and mutualisation ceilings of £233 million in England and Wales and £23 million in Scotland for the Renewables Obligation. Under the scheme, generators receive Renewables Obligation Certificates (ROCs) for generating electricity from renewable sources. Suppliers buy ROCs and surrender enough ROCs to cover a defined share of their consumption, or else they must pay the buyout price. The mutualisation ceiling determines the maximum total liability of remaining suppliers in the event that one supplier is unable to meet its obligation, for example due to insolvency.

Ofgem website, 04/02/11

Ofgem Fines Distribution Networks £1 million

Ofgem has decided to fine three electricity distribution networks, Scottish Hydro Electric Power Distribution, Central Networks, and Electricity North West a total of £1 million for failing to meet Ofgem's required standards of service for new connections. Under the standard distribution licence conditions, distribution networks must make offers for new connections within three months. The move follows Ofgem's decision in July 2009 to fine EDF Energy Networks £2 million for breach of the same requirements.

Ofgem website, 07/02/11

Ofgem Consults On Smart Meter Regulations

Ofgem is consulting on new licence obligations to increase protection for consumers who have smart meters installed. Ofgem's initial proposals include new standards covering automated switching between payment methods, remote disconnection, and safeguarding consumers' right to switch supplier when they have a smart meter.

Ofgem website, 07/02/11

Government Launches Feed-In Tariff Review

The Department of Energy and Climate Change (DECC) has launched the first review of Feed-In Tariffs (FITs) for small-scale low carbon generation. Private investors have applied for planning permission for a number of medium-sized solar plants, which would be eligible to receive support under the scheme. The review will examine the impact of these plants on the availability of funds for domestic installations and options for changing the levels of support offered to domestic and commercial installations. The comprehensive spending review requires DECC to find savings of 10% in the FIT scheme by 2014/15.

DECC website, 07/02/11

NMa And Ofgem Approve Interconnector Auction Rules

Ofgem and the Netherlands Competition Authority (NMA) have approved the rules for auctioning capacity on the BritNed electricity interconnector, which links Britain with the Netherlands. Capacity on the interconnector, jointly owned by Tennet and National Grid, will be available over a variety of time frames, from annual to within-day contracts. The regulators have announced that they will continue to review the auction rules in line with market developments.

Ofgem website, 24/02/11

Bulgaria

Regulator Receives Applications For Price Rises

The State Electricity and Water Regulatory Commission (SEWRC) has received applications from Bulgaria's four electricity suppliers and the natural gas company for an increase in end user tariffs. SEWRC expects to increase gas prices by 5% in April, 1.3% less than Bulgargaz claims is necessary for cost recovery. SEWRC's next regulatory determination for power prices applies from July 2011, with power companies asking for tariff increases of up to 14%.

ADPNews, 23/02/11; SeeNews, 28/02/11

European Union

Germany, Poland, And UK Opt Out Of EU's Emissions Trading System

EU Member States had until 19 February to decide whether they wanted to participate in the EU's Emissions Trading System, a centralized platform for auctioning emissions allowances due to start operation in 2013. Germany, Poland, and the UK decided to set up their own national platforms, but the other Member States decided to participate in this common platform. The European Commission estimates that around 60% of the 1,000 million allowances issued annually will be auctioned through this channel.

Dow Jones Business News, 21/02/11; Reuters News, 21/02/11

France

CRE: Gas Price Formula Reflects Supply Costs GDF Suez

On 24 February, the French energy regulator, CRE, issued a statement saying that the formula for calculating the price of gas reflects the supply cost of GDF Suez. According to the CRE, the formula applied in gas prices today reflects the conditions of supply as defined in long-term gas import contracts. As a result, CRE considers the formula to be consistent with the provisions of the Public Service Contract between the government and GDF Suez.

CRE website, 24/02/11

Germany

BKartA Closes Proceedings Involving Evonik Steag And Clears Takeover

On 22 February, the Bundeskartellamt (BKartA) closed a proceeding against Evonik Industries AG and RWE AG, which it had initiated on suspicion of anti-competitive reimbursement clauses in electricity procurement contracts, after the two companies declared the respective clauses invalid. The Bundeskartellamt also cleared the acquisition of 51% of the shares in Evonik Steag GmbH by Kommunale Beteiligungsgesellschaft GmbH (KBG). KBG is a venture of the municipal utilities Dortmunder Stadtwerke AG, Dortmunder Energie- und Wasserversorgung GmbH, Stadtwerke Bochum GmbH, Stadtwerke Duisburg AG, Stadtwerke Essen AG, Stadtwerke Dinslaken GmbH, and Energieversorgung Oberhausen AG. The takeover did not raise any competition concerns.

Bundeskartellamt website, 22/02/11

Economics Ministry Opens Future-Oriented Networks Platform

On 22 February, Rainer Brüderle, Federal Minister of Economics and Technology, officially launched the Future-oriented Networks Platform in the Economics Ministry. The opening of the platform implements one of the measures in the 10-point immediate action programme of the federal government's "Energy Concept". At the same time, the networks platform forms the central element of work for the National Pact for New Networks, which Minister Brüderle established last year. The aim of the platform is to develop public acceptance and provide information on network expansion and modernisation to accommodate renewables. It will focus on speeding up planning and authorisation procedures and safeguarding investment and innovation in the context of network expansion. In addition, the platform's work will also cover areas like efficient offshore connections, innovative technologies, system security, and smart grids/smart meters.

Bundeswirtschaftsministerium website, 22/02/11

BNetzA Sets New Rules For Gas Capacity Management

The German Federal Network Agency, the Bundesnetzagentur, has issued a determination rewriting the basic rules for gas transportation to supplement and standardise existing access requirements. Capacity management, i.e., the booking and use of capacity, is the basis for unrestricted access to the gas transmission networks. At present, shippers must specify which pipeline their gas is to flow through when exiting one market area and entering an adjacent one. This process will be simplified by the new determination, which specifies that the booking of transport capacity and notification of the gas flow will relate solely to the transfer from one market area to another, and not to any specific route. The determination also tightens up and unifies prevailing laws on the design of pipeline capacity auctions, and gives a greater number of shippers access to booked but unused capacity. Unused capacity is to be returned to the market on a short-term basis, no later than day-ahead, allowing shippers to respond more flexibly to short-term developments on national and international trading markets.

Bundesnetzagentur website, 24/02/11

Italy

New Aeeg Board

The new Aeeg Board has been appointed. The Board includes the President (Mr. Bortoni) and four Commissioners (Mr. Biancardi, Mr. Carbone, Mr. Colicchio, and Ms. Termini).

Aeeg website, 16/02/11

Aeeg Fines Seven Electricity Operators

Aeeg has fined four electricity distributors and the TSO for violation of metering and dispatching obligations in the period 2005-2007 and two retailers for lack of transparency in energy bills. Violation of metering and dispatching obligations has caused the system not to work properly, with a negative economic impact on retailers and final customers. The regulator has also fined two retailers for lack of transparency in energy bills, which harmed consumers. Total fines amount to €2.3 million.

Aeeg website, 22/01/11

Netherlands

NMa Approves Rules For Intraday Power Trade With Belgium

Following NMa's approval of the market rules, the APX-Endex exchange launched its platform for intraday power trade between the Netherlands and Belgium on 17 February. The set of rules approved by NMa mean that transactions on the platform include both the trade of power as well as the required cross-border transmission capacity. The launch of the intraday trading platform replaces the system of explicit trading, which required market participants to complete separate transactions for electricity and transmission capacity.

Energiekamer website, 16/02/11

NMa And Ofgem Approve BritNed Auction Rules

NMa and Ofgem, the British energy regulator, have approved the rules for capacity auctions on the BritNed interconnector between Great Britain and the Netherlands, clearing the way for BritNed to start operations. Capacity on the interconnector will be made available in annual, monthly, day-ahead, and intraday auctions. The day-ahead auctions will be implicit auctions, including both the electricity and the required transmission capacity in a single transaction.

Energiekamer website, 24/02/11

NMa Publishes Draft Electricity Method Decision For 2008-2010

The Dutch competition authority, NMa, published a draft decision that retroactively lays down the method of regulation for electricity distribution networks over the fourth regulatory period (2008-2010). The original method decision had been struck down by the Dutch Industry Appeals Tribunal for a number of reasons, including 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. The draft electricity distribution method decision for 2008-2010 is available on the Energiekamer website for six weeks from 25 February.
Energiekamer website, 25/02/11

Romania

Energy Sector Liberalisation Will Not Occur Until 2013

The Romanian government has announced that gas and electricity price controls will remain in place until at least 2013 and may not be removed until 2015. The announcement follows pressure from the IMF and EC to liberalise the sector and allow prices to rise to pan-European levels.
Rompres, 03/02/11; Reuters, 07/02/11

Spain

Competition Commission Clears Iberdrola Of Abuse Of Market Dominance

The Spanish Competition Commission (CNC) declared that the actions taken by Iberdrola’s distribution company during the second half of 2006 were not against Spanish competition law. Early in 2006, the government issued a Royal Law-Decree establishing that companies submitting bids to the spot market from both generators and distributors had to treat any overlapping amount as if it were covered by a bilateral sale contract at a price defined by the government. Following this Law-Decree, Iberdrola’s distribution company started placing bids at a price consistent with that set by the government. The CNC launched the investigation due to claims from an association of co-generators, who argued that Iberdrola’s actions constituted an abuse of dominant position that depressed the market price by placing artificially low bids in the market. The CNC’s decision is based on a report from the energy regulator (CNE) which concluded that there was no legal obligation to place bids at a certain price and that Iberdrola’s conduct was only a reaction to the uncertainties brought about by the Royal Decree-Law.
El Economista, 14/02/11

The Sustainable Economy Act Extends Life Of Nuclear Plants Beyond 40 Years

The final draft of the Sustainable Economy Act approved by the Parliament will extend the life of nuclear plants beyond the 40 years originally planned. Extension beyond 40 years will require the approval of the Nuclear Security Council, which will set the technical requirements that each installation will have to meet. In addition, the government will take into account the forecast of electricity demand growth and the introduction of other generation technologies when deciding whether to authorise the life extension. The new law does not reconsider a previous decision to close a nuclear plant in Garoña in 2013.

La Vanguardia, 15/02/11; El Mundo, 16/02/11; El Mundo, 17/02/11

Government Places Second Issue Of Electricity Tariff Deficit Bonds

The Electricity Debt Amortization Fund (FADE) placed the second issue of electricity tariff deficit bonds, amounting to €2,000 million (US$2,770 million). This second issue pays an interest rate of 5.1%, up from the 4.8% for the first issue.

Cinco Días, 16/02/11; Comisión Nacional del Mercado de Valores, 17/02/11

European Court Of Justice Lifts Suspension Of Legislation Promoting The Use Of Domestic Coal In Electricity Generation

The European Court of Justice has lifted the suspension of the Spanish government scheme intended to promote the use of domestic coal in electricity generation. The court ruled that there were not sufficient grounds ("urgency and irreparable damage") to justify suspension until the court could carry out a more in-depth investigation. Earlier this month, the Spanish government had issued a decision setting the amount of coal that each power plant should buy to fulfil the obligation and the price that they must pay. Following the court's decision, the government ordered the scheme to be put in place by 25 February.

Ministry of Industry website, 17/02/11; Reuters, 18/02/11; El Mundo, 18/02/11; Agence Europe, 19/02/11

Supreme Court Prohibits The Charge Of Efficiency Program Costs To Electricity Tariffs

The Spanish Supreme Court (Tribunal Supremo) has declared illegal a 2007 government decision ordering that the costs of energy saving and efficiency programs should be financed through electricity tariffs. The court's ruling refers to the electricity tariffs that were in place in 2008. In previous rulings, the court had declared illegal similar provisions for 2006, 2007, and 2009. All of these rulings have annulled government decisions that charged a total of €900 million (US$1,240 million) to consumers. Last December, a Royal Decree ordered generators to fund the cost of these programs starting in 2011.

State Gazette website, 17/02/11; Expansión, 18/02/11

Spain's First Gas Hub Created In The Basque Country

The Energy Agency of the Basque Country, the Spanish gas system operator (Enagás), and the Bilbao Bizkaia Savings Bank (BBK) have set up a gas hub aimed at providing logistical and financial services to agents operating in the short-term international gas market. The Basque Country has a re-gasification plant in the Bay of Biscay and also Spain's largest offshore gas storage facility. It is hoped they will help gas trading and gas distribution to the Iberian Peninsula by pipeline, or to other destinations by sea.

El Economista, 23/02/11; Cinco Días, 23/02/11

Switzerland

SFOE Consults On Review Of Renewables Feed-In Tariffs

The Swiss Federal Office of Energy, SFOE, has started a hearing on the partial revision of the Energy Ordinance which would implement an increase in feed-in tariffs for renewable electricity from 2013, as ordered by the federal government in June 2010. Feed-in tariffs for renewable electricity in Switzerland are financed through a premium paid by all electricity users. This premium currently stands at 0.0045 Swiss francs (CHF) per kWh of electricity consumed. From 2013, this premium can be increased to at most 0.0090 CHF/kWh.
The potential increase in the premium follows on a Parliamentary decision of December 2009 introducing a premium of 0.0010 CHF/kWh in 2012 to finance measures for protecting water sources. The current hearing will last until 15 March 2011.

SFOE website, 14/02/11

NORTH AMERICAN NEWS

US

ComEd Proposes Formula-Based Rate Mechanisms For Infrastructure Upgrades

Commonwealth Edison (ComEd) filed a proposal with the Illinois legislature that if approved will allow regulated utilities making infrastructure upgrade investments in the next decade to file for formula rate mechanisms. These formula rates will be based on the utility's infrastructure investment and actual cost of service. Regulated utilities will be required to file updated cost information annually, which will be used to set rates for the following year and to true up costs from the prior year. Rates for ComEd customers are expected to increase. However, under the proposal the Illinois Commerce Commission will retain authority to set rates and consumer groups will continue to have the ability to challenge the utilities' cost filings.

SNL, 08/02/11; Penton Insight, 08/02/11

PJM Capacity Market Results Found Just And Reasonable

The Court of Appeals for the District of Columbia found that the transitional capacity auctions held before May 2008 under PJM Interconnection LLC's Reliability Pricing Model (RPM) were just and reasonable. The Maryland Public Service Commission and New Jersey Board of Public Utilities had challenged the auction results, claiming that they allowed for market power which led to unjustifiably high rates. The court determined that FERC took adequate measures to prevent market power, pointing to the requirement that auctions held after 2008 must procure capacity three years in advance of the supply period. This requirement increases participation by buying suppliers time to develop new resources within three years of winning a bid. The court also found that FERC, which approved the RPM design in 2006, correctly predicted that higher prices in certain zones would lead to more investment in energy capacity and, in turn, increased reliability.

Electric Power Daily, 09/02/11; SNL, 18/02/11

New FERC Regulation Incentives

In an effort to provide incentives and better rewards for faster-reacting regulation resources, FERC has issued a Notice Of Proposed Rulemaking (NOPR) that would require RTOs and ISOs to refine their calculation methodology to compensate for regulation service. According to FERC, energy storage and other non-generation technologies can provide a nearly instantaneous response to regulation signals. Therefore, they are quicker and more accurate than conventional resources, and the payments these resources receive should reflect the greater value they offer to the grid. In addition, the NOPR would require ISOs and RTOs to adjust the payments they provide to all resources providing frequency regulation service to reflect the accuracy of their performance in response to dispatch signals. Comments on the NOPR are due 60 days after its publication in the Federal Register.

SNL, 17/02/11; Targeted News Service, 17/02/11

California Regulators Agree To Improve Pipeline Safety Oversight

The California Public Utilities Commission agreed to improve gas pipeline safety in the state. It proposed to review the safety guidelines for gas pipeline operators as a result of a fatal explosion last year in a pipeline operated by PG&E Corp. Interim reports from the National Transportation Safety Board and CPUC have indicated that preventable failures in the pipe structure may have been to blame. PG&E has been ordered to undertake a thorough review of its entire gas pipeline system and to reduce gas pressure in selected pipelines. CPUC acknowledged the inadequacy of its safety controls and has pledged to improve its pipeline safety regulation. In related developments elsewhere, gas pipeline safety is the subject of a bill introduced early this month in the US Senate and separate state legislation in the Pennsylvania State Senate.

Natural Gas Intelligence, 21/02/11; Dow Jones Business News, 24/02/11

CFTC Asked To Refine Definitions Of Swap Dealers, Swap Participants

Natural gas utilities and state regulators have asked the Commodity Futures Trading Commission (CFTC) to refine its proposed definitions of swap dealers and major swap participants. These definitions form part of the CFTC rules implementing the Dodd-Frank Wall Street Reform Act’s provisions for the definition of swap dealers. Gas industry associations and utilities see flaws in the definition of a swap dealer, which does not make it clear whether gas utilities would be identified as swap dealers when pursuing legitimate hedges for their business. Atmos Energy Corp., a Mississippi-based gas utility, has voiced concerns that hedging carried out under its “Spot-Gas Program” could satisfy the proposed definition of a swap dealer. The number of customers participating in the Program could exceed the limits for both the number of counterparties and number of swaps set by the proposed rules.

SNL, 24/02/11; Natural Gas Intelligence, 28/02/11

Canada

40 Renewable Contracts Awarded In Ontario

The Ontario Power Authority announced that 40 contracts, representing 872 MW, have been awarded to new large-scale renewable energy projects under the province’s feed-in tariff program. Ontario’s feed-in tariff program, initiated in 2009 under the province’s Green Energy Act, guarantees prices for renewable energy such as wind, solar, water, biogas, and biomass. Recipients include 35 solar projects, four wind projects, and one water project. All contracts are for 20-year supply periods, except for contracts received by hydroelectric projects, which are for a 40-year supply period. The program was initiated in order to phase out coal-powered plants by 2014.

SNL, 24/02/11; Bloomberg, 24/02/11

CENTRAL & SOUTH AMERICAN NEWS

Brazil

Regulator’s New Rule Increases Consumers’ Energy Bill By US$1,000 Million

The Brazilian energy regulator, Aneel, approved a new formula to calculate the Fuel Consumption Account, which will result in a US$1,000 million increase in the consumers’ energy bills. The Fuel Consumption Account is a charge meant to support thermal energy generation in the North of Brazil, which is not connected to the rest of the national electricity system. Under this new formula, distributors in these isolated systems will be compensated not only for the cost of purchasing fuel, but also for the cost of purchasing additional power, and for unrecoverable taxes and fees. The cost associated with this Fuel Consumption Account was US$3,000 million in 2009 and US$4,000 million in 2010. The initial estimate for 2011 is US$5,000 million.

Folha de São Paulo, 23/02/11; O Estado de São Paulo, 23/02/11

Chile

Chile Signs Power-Rationing Decree

The Chilean president, Sebastián Piñera, and Energy and Mining Minister, Laurence Golborne, announced the implementation of a “rationing decree” aimed at preventing blackouts after a severe drought threatened the country’s electricity supply. Among other measures, the decree entitles the government to require hydro generators to keep minimum reserves in the reservoirs, so that the water can be used later in the year if the drought continues. The decree also allows the government to lower the voltage of power supplied to customers by 5% to 10%, which, according to the Minister, “won’t affect household appliances but will save a significant amount of energy”.

Revista Electricidad Interamericana, 18/02/11; Economía y Negocios, 10/02/11

ASIA PACIFIC NEWS

Australia

Climate Change Framework Announced

The Australian government has outlined its plan to introduce a carbon price mechanism. The two-stage plan will begin with a fixed price phase that could last between three and five years before transitioning to a flexible price cap-and-trade emissions trading scheme. Emissions from agricultural sources, legacy waste, and forestry will be exempt under the mechanism. The government proposes to start the mechanism on 1 July 2012, subject to reaching a majority in both houses of Parliament and the passing of appropriate legislation.

Minister for Climate Change and Energy Efficiency media releases, 24/02/11, 25/02/11

Greenhouse And Energy Data Published

Greenhouse gas emissions and energy consumption data of approximately 300 Australian corporations for the year 2009-10 has been published by the website of the Department of Climate Change and Energy Efficiency. This information is commonly used by government to fulfil legislative requirements, meet international reporting obligations, and inform policy development.

Department of Climate Change and Energy Efficiency website, 25/02/11

New Zealand

Amendments Proposed To Framework For Transmission Pricing

Following the establishment of an Electricity Authority with a new statutory objective, a consultation paper has been published proposing to change the decision framework that underpinned previous decisions about the Transmission Pricing Methodology (TPM). The Electricity Authority proposes to remove the pricing principles and related interpretation clauses from the Electricity Industry Participation Code and instead to allow TPM to be assessed against the Authority's statutory objective. Submissions on the consultation paper are invited by 14 March 2011.

Electricity Authority website, 16/02/11

Revisiting Funding Of Electricity, Gas, And Airport Regulation

The Commerce Commission released a discussion paper on funding the regulation of electricity lines, gas lines, and airports under the Commerce Act. The paper proposes to increase levies paid to the Commerce Commission by regulated businesses (including Transpower). Submissions on the proposed increases should be made to the Ministry of Economic Development by 7 March 2011.

Ministry of Economic Development website, 17/02/11

China

China To Bolster Renewables Push With Fossil Fuel Tax Rise In 2011

A spokesman for the National Development and Reform Commission announced that the Chinese government will implement a new system of national tariffs for electricity produced from fossil fuels later this year, in order to incentivise the use of renewable energy. The new taxes will be include a 3% to 5% increase in tariffs on coal sold in the domestic market and possibly an increase in the resource tax rate for oil from 0.5% to over 2%.

Platts Commodity News, 18/02/11

Fuel Prices To Increase Again

China increased retail gasoline and diesel prices for the second time in three months. The National Development and Reform Commission (NDRC) stated that the price increase was required to tame demand.

China Business News, 21/02/11; BBC, 21/02/11

NDRC Issues Statement That Power Plants Are Making Losses

The Chinese industry planner, the National Development and Reform Commission, released a report stating that 43% of coal-fired power plants made losses in 2010, an increase from 35% in 2009. The development is a result of rising input fuel prices that were not matched by an increase in regulated power prices. Sources indicated it may negatively affect the ability of the plants to raise capital.

Asia Pulse, 14/02/11; South China Morning Post, 12/02/11

India

Jammu And Kashmir Government Imposes Usage Charges For Hydro Projects

Under the Water Resource Act 2010, the government of Jammu and Kashmir issued the first bills for water usage in hydro projects. Companies have been required to register with the State Water Resources Regulatory Authority.

Early Times, 03/02/11; **Headlinesindia.mapsofindia.com***, 03/02/11; Kashmir Monitor, 04/02/11*

Ongoing Discussions About The 10 000 MW Jaitapur Nuclear Power Project (JNPP)

Discussions about a proposed Jaitapur Nuclear Power station continued in February. The Nuclear Power Corporation of India is considering opting for six European Pressurised Reactors (EPRs), which some observers have criticised on the grounds that they are not well tested. The Coalition for Nuclear Disarmament and Peace (CNDP) published a report stating that the average cost of power produced by the nuclear plant was easily twice the price of production from thermal plant.

DNDAI, 14/02/11; Business Standard, 15/02/11

IEX Introduces Renewable Energy Certificate Trading

Indian Energy Exchange (IEX) introduced trading in Renewable Energy Certificates (REC). The RECs are expected to create new opportunities for renewable and co-generation of power plants. The move follows acceptance of the proposal by the Central Electricity Regulatory Commission (CERC).

Business-standard.com, 24/02/11; India Energy News 28/02/11

Pakistan

Pakistan To Face Additional Load Shedding In 2011

Pakistan’s National Electric Power Regulatory Authority (NEPRA) published a report stating that the country is likely to see increased levels of load shedding in 2011, in part due to shortages of fuel. NEPRA claims the shortfall is also due to delays in new construction. Significant new plant is being discussed including 8,800 MW of nuclear capacity.

Epakistannews.com, *11/02/11;* allvoices.com, *11/02/11; Energy Update, 28/02/11*

Philippines

Napocor Seeks Reimbursement From BNPP Project

The National Power Corporation (Napocor) asked the government to reimburse past costs of maintaining the Bataan Nuclear Power Plant. Napocor, which is struggling with debt, announced that it intended to use the funds for the Small Power Utilities Group (SPUG), which provides power to islands not connected to the grid.

Philippines News Agency, 22/02/11; philstar.com, *26/02/11*

Vietnam

Vietnam Faces Blackouts

The Vietnamese Ministry of Industry announced that power cuts were to start during the course of February, reflecting a growing mismatch between supply and demand in the country. Demand for electricity was forecast to rise 18% while generation would be down by 14%. Provincial electricity regulators will be responsible for deciding when to make the power cuts. The Prime Minister announced later in the month that Vietnam would raise power prices by 15% from 1 March 2011.

BBC, 10/02/11; Vietnam News Agency Bulletin, 10/02/11

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.

About NERA

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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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