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Global Energy Regulation

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EUROPE

UK

Ofgem Sets Out Proposed Approach To REMIT Enforcement

The British energy regulator, Ofgem, set out its proposed approach for enforcing the European Union's Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT). Ofgem, as the National Regulatory Authority, is responsible for the enforcement of REMIT in Great Britain. Ofgem's proposals explain how Ofgem will investigate breaches and monitor wholesale market activities in advance of Parliament granting Ofgem formal powers to investigate possible abuses in wholesale markets. In an accompanying consultation, Ofgem has also issued a call for evidence on how market participants use price benchmarks and whether the current price benchmarks in the wholesale market are fit for purpose.

Ofgem press release, 06/06/13

Ofgem Proposes New Measures To Promote Liquidity

Ofgem proposed a new "Secure and Promote" (S&P) licence condition for generators, concluding its workstream investigating liquidity in the GB electricity market. Under S&P, the eight largest generators will face new licence obligations to make electricity available to small suppliers with minimum standards for the transaction process. The six large vertically integrated generation and supply companies will also face a Mandatory Market Making (MMM) obligation to offer to buy and sell power for a variety of products up to four "seasons" (i.e., two years) ahead for at least half of all market opening hours. Under MMM, all bid and offer prices must be within bid-ask spreads of 0.3% to 1%, depending on the product. The S&P licence condition replaces Ofgem's earlier Mandatory Auction mechanism, which would require the six large vertically integrated generation and supply companies to auctions 25% of their generation across different electricity products.

Ofgem final proposals, 12/06/13

Ofgem Launches Statutory Consultation On Domestic Tariff Reform

Ofgem launched a statutory consultation on new limits and conditions for tariffs for domestic customers. The reforms include a limit on the number of tariffs to four types per fuel and allow suppliers to offer fixed-price, fixed-term deals and two types of discounts in addition to their standard tariffs, (1) for dual fuel customers consuming both fuels from the same supplier and (2) for managing accounts online. Suppliers will only be able to define a discount in pounds per customer per year, rather than offering more complicated types of discount. Suppliers will no longer be able to offer more expensive so-called “dead” tariffs, but will have to transfer customers on tariffs to their cheapest standard deal. In addition to the tariff reforms, Ofgem is consulting on new labelling on bills and standards of conduct for suppliers as part of a package of reforms following from its Retail Market Review programme.

Ofgem consultation documents, 21/06/13

Ofgem Annual Report On Supply Adequacy Shows Tightening Capacity

Ofgem published its second annual Electricity Capacity Assessment. Ofgem’s analysis suggested that electricity reserve margins could tighten in 2015-2016 to between 2% and 5%, depending on demand. As a result, the probability of a supply disruption increases from one in 47 years now to around one in 12 years or less in 2015/16. Moreover, if the projected decline in demand does not materialise, reserve margins could fall to 2%. Following the tighter than expected supply and demand conditions in the Assessment, Ofgem, the Department of Energy and Climate Change (DECC) and National Grid are jointly consulting on interim measures to ensure that load is met, before the new capacity mechanism kicks in. Ofgem explained that such measures may include mechanisms to ensure that National Grid can buy additional Demand Side Response (DSR) and/or generating capacity.

Ofgem Electricity Capacity Assessment, 27/06/13

DECC Releases Update On Interim Measures For Renewables

DECC has released an update on interim measures to support renewables ahead of the introduction of the enduring Electricity Market Reform regime later this year. The latest update to the Final Investment Decision Enabling Programme sets out the changes since DECC announced the regime in March 2013 and explains how DECC will evaluate applications for contracts to deliver renewable power. The contracts for renewable power will be early forms of the proposed CFD arrangements except that the contract counterparty will be the Secretary of State (rather the yet-to-be established CFD counterparty). Any such contracts

will be subject to state aid clearances and the progress of the Energy Bill. DECC notes that the interim arrangements are themselves under development and may change over time as it evaluates the applications for support.
DECC policy paper, 27/06/13

DECC Releases Draft Rules For Capacity Mechanism

DECC released an update to the design of the capacity mechanism, with a detailed draft design for consultation. The draft rules give ministers the power to decide the amount of capacity required based on advice from the system operator, depending on a reliability standard which DECC will publish in draft form in July. All generating capacity not already in receipt of support from the Renewables Obligation, Contracts for Difference, or small-scale FITs will be eligible for support under the capacity mechanism, as will short-term Demand Side Response (DSR) and long-term Electricity Demand Reduction (EDR) projects. The market itself will be a "pay-as-clear" auction where successful bidders will obtain capacity agreements offering a steady payment for capacity in return for a commitment to deliver energy when required or face a penalty linked to the Value of Lost Load. The capacity payment will be funded by a levy on electricity supply companies based on their market shares.
DECC design proposals, 27/06/13

Ofgem Drops Competition Act Investigation

Ofgem stopped an investigation into the six largest energy supply companies for breaching their obligations under the Competition Act 1998. Ofgem started the investigation in 2011 in response to concerns over how the six large suppliers treated independent doorstep marketers. The investigation focussed on whether Third Party Intermediaries (TPIs) who had not signed exclusive contracts with a single supplier faced less favourable terms and conditions than TPIs with exclusive contracts. Ofgem dropped the investigation on the grounds of administrative priority following inconclusive evidence.
Ofgem Open Letter, 28/06/13

Austria

Lower Progressive Incentive Fee For Austria's Balancing System

The Austrian regulator E-Control approved lower, progressive incentive fees for the national gas balancing system. For aggregated imbalances up to 400 MWh per gas trading day, shippers will have to pay €1.00/MWh; for imbalances between 401 and 700 MWh a rate of €2.00/MWh applies; and for volumes exceeding 700 MWh, the cost will be €4.00/MWh. With the introduction of the new entry/exit regime and balancing system for Austria's gas market, each hourly imbalance of a balancing group is charged a levy, called the structuring charge. This charge is considered as an incentive to avoid imbalances within a balancing group. The Gas Market Model Ordinance 2012 had set the maximum fee at €4.00/MWh without any further specification. Market participants in general welcomed the reduction of the fee but raised concerns about the impracticability of the small thresholds between the ranges or the effectiveness of a progressive scheme.

European Gas Markets, 14/06/2013; Gas Connect Austria website, 28/08/2013

Consultation On Long-Term Planning And Network Development Plan In Gas Sector

Austrian Gas Grid Management (AGGM) invited market participants to participate in the consultation on its long-term plan for 2014-2023. The distribution area manager AGGM presented its proposals on 26 June in Vienna, along with another consultation on the coordinated network development plan ("KNEP"). In accordance with the Austrian Gas Act, the market area manager, Gas Connect Austria, is required to present a coordinated network development plan each year, which is also out for consultation. The deadline for this year's consultation on the KNEP is 15 July; responses to AGGM's long-term plan can be submitted until 31 July.

E-control website, 26/06/2013 and 03/07/2013

European Union

European Commission Proposes New Nuclear Safety Directive

The European Commission has drafted a proposed Directive on a European framework for the safety of nuclear installations. This proposal would amend the nuclear directive from 2009 and its main provisions would set up (1) EU-wide safety objectives; (2) a European system of peer reviews of nuclear installations at least every six years; (3) a mechanism for developing EU-wide harmonised nuclear safety guidelines; and (4) plans for on-site emergency

preparedness and response. In addition, the proposal strengthens the role and independence of national regulators and increases transparency on nuclear safety matters. The directive could be adopted by the Council in the course of 2014 and Member States will then have 18 months to transpose it into national legislation.
EUROPA press release/memo, 13/06/13

European Commission Opens Preliminary Investigation Into Romania's Renewable Energy Law Amendments

The European Commission's Directorate-General for Competition (COMP) has started a preliminary investigation into the provisions of Romania's emergency ordinance 57/2013 which amends the country's renewable energy law.
The emergency ordinance postpones until 2017 and 2018 the issuance of any green certificates to hydro, wind, and photovoltaic plants. This investigation follows from a request by the Romanian Photovoltaic Industry Association (RPIA), which claims the measures in the emergency ordinance are "unclear, abusive and unconstitutional" and "distort the electricity market".
Business Review, 18/06/2013; Mediafax, 16/06/13

European Commission Refers Poland To The EU Court Over Regulated Gas Prices

The European Commission has decided to refer Poland to the EU Court of Justice for failing to bring its gas price regulation system into compliance with EU rules on the internal energy market. According to the Gas Directive, prices should primarily be determined by supply and demand, while regulated prices may only be applied in exceptional circumstances. Polish legislation applies regulated prices to all non-household users, regardless of their size and/or situation, and without setting a time limit for their application. The Commission launched an infringement procedure on this issue in June 2009 but has now decided to take Poland to court for its continued non-compliance.
EUROPA press release, 20/06/13

France

Regulator Decides On Rules For Sharing Information On The Use Of LNG Terminals

The French energy regulator, the Commission de Regulation de l'Energie (CRE), set out transparency obligations covering the sharing of information on the use of LNG terminals, to benefit market players and to raise confidence in the price determination and settlement mechanisms. Congestion on the North-South link has been leading to high price differentials between the North and South market zones, so CRE has recently been focusing on LNG send-out levels and their role in the price formation process. CRE held a public consultation on improving information about the LNG terminals' forecast usage in April and May 2013. CRE is now requiring terminal operators to publish daily aggregated information on loading and unloading operations, and gas sent-out onto the transmission network. Terminal users must also notify the operators immediately of any modifications to these quantities larger than 50,000m3. CRE also asked the terminal operators to set up platforms for the publication of key information on gas infrastructures within the "Concentration Gaz" framework, sufficient to meet transparency requirements based on the recommendations of the Agency for the Co-ordination of Energy Regulation (ACER).

CRE website, 20/06/13

Regulator Approves Draft Loan Agreement Between GRTgaz And Parent Company, GDF Suez

The French energy regulator, the Commission de Regulation de l'Energie (CRE), approved the new €300 million loan agreement between GRTgaz, the gas transmission network operator (TSO), and its parent company GDF Suez. The French energy code imposes independence requirements on the TSO, to ensure that it preserves functional and operational independence and autonomy. In particular, the Energy Code requires that all commercial and financial agreements must be consistent with market conditions and approved by the CRE.

CRE website, 20/06/13

Regulator Approves The Contract For Services Related To Restitution Of The Network And Reference Voltage Between EDF And RTE

The French energy regulator, the Commission de Regulation de l'Energie (CRE), approved the contract between EDF and RTE, the transmission network operator, for services regarding restitution of the network and the voltage control. The contract was approved for the entire duration of the proposed extension through to 31 December 2015. CRE also required that RTE submits a request for approval of all agreements renewing, or substantially amending, the current contract. Under the French Energy Code, the vertically integrated parent companies are prohibited from providing services to RTE, apart from financial and commercial agreements which are strictly necessary for the business of the TSO, i.e., for ensuring system balance, and the security and safety of the network. The contracts are subject to approval by the CRE.

CRE website, 13/06/13

Regulator Updates GDF Suez's Regulated Tariffs For Natural Gas Distribution

The French energy regulator, the Commission de Regulation de l'Energie (CRE), set out a draft regulation to modify the regulated tariffs for natural gas sold by GDF Suez. The draft regulation covers (1) a new tariff formula, required to follow the path of import costs, (2) a new methodology of setting the allowance for the supplier's operating expenditures, (3) new tariff structures, and (4) changes in the frequency of tariff reviews. Tariffs will increase by 0.2% overall, with tariffs for commercial and residential customers falling by 0.7% and rising by 0.5% respectively. This draft is due to take effect from July.

CRE website, 25/06/13

Germany

Federal Network Agency Receives Wider Authority Over Electricity Network Expansion In Germany

The Federal Network Agency will henceforth be responsible for approving national and cross-border network expansion projects in Germany. So far, projects that cross borders between federal states or neighbouring countries have required approval from each federal state involved, which has often led to substantial delays. The bundling of the planning and approval procedure at the Federal Network Agency aims to expedite and streamline network expansion in Germany. Also, legal appeals against any individual construction

project will in future be dealt by a single authority, the Federal Administrative Court. Besides this new regulation, the Federal Council (Bundesrat) also agreed to the Law on Federal Grid Expansion Rquirements (Bundesbedarfsplangesetz), which identifies 36 high priority projects for expanding the national grid. Among these projects, 16 are lines that cross national or federal state borders and fall within the jurisdiction of the Federal Network Agency.
Bundesministerium für Wirtschaft und Technologie website , 07/06/2013; Bundesnetzagentur website, 07/06/2013

New Regulation On Reserve Power To Ensure Security Of Supply

The Federal Government adopted a new regulation on reserve power (Reservekraftverordnung) on 12 June. It codifies the practice in place since 2011 whereby the TSOs agree with the Federal Network Agency to maintain certain reserve power plants for security of supply in crisis scenarios, in particular during the winter months. The regulation requires the TSOs and the BNetzA to undertake an annual review of system security and available generation capacity. If the review concludes that reserve capacity is needed, TSOs announce a competitive tender process in which generation operators can offer the use of their facilities as a reserve power plant. Generally, only existing generation plants which the operator has already decided to decommission and to remove from the market are allowed to participate in the bidding, to avoid perverse incentives. If the prospective reserve plant is deemed “system-relevant” and required for security of supply, the generation operator may enter into a reserve power plant contract with the respective TSO. The regulation will only apply until the end of 2017 and so provides a transitional arrangement until a further decision on the future design of the power market.
Bundesministerium für Wirtschaft und Technologie website, 12/06/2013; Reservekraftverordnung (ResKV), 27/06/2013

Italy

The Italian Regulator Publishes Consultation Document On The Determination Of LNG Regasification Tariffs

The Italian energy regulator—the Autorità per l'energia elettrica e il gas (Aeeg)—published a new consultation document (237/2013/R/GAS) which proposes new criteria for determining the tariffs of LNG regasification services for the fourth regulatory period (2014-2017). This consultation document announces possible changes to the method of setting WACC in order to avoid sharp changes caused by instability in financial markets. The document also specifies that the new value of the WACC, which has yet to be set, will be increased by 0.9% to compensate for the impact of regulatory lag in the recognition of investment. Moreover, to incentivize non-mandatory investments in strategic infrastructure, the regulator intends to grant extra remuneration of 2% on investments that increase regasification capacity.

Aeeg website, 30/05/13

The Italian Regulator Published A Consultation Document On The Tariff Framework For Gas Distribution And Metering Services

The Italian energy regulator, Aeeg, published a new consultation document (257/2013/R/GAS) on the tariff framework for gas distribution and gas metering services for the fourth regulatory period (2014-2017). The consultation document sets out new tariff-setting formulae for that period and discusses reform of the equalization mechanism and of connection fees. Moreover, the regulator intends to introduce a higher rate of return on capital which might be increased by 0.5% -0.6% in order to compensate for the impact of regulatory lag in the recognition of investment. The document also proposes a revision of the criteria for (1) allocating costs in the mandatory tariff and (2) determining the components of the mandatory tariff.

Aeeg website, 13/06/13

Italian Government Proposes New Incentives For Renewable Sources

The Italian government has issued a decree (decreto "Fare") which will lower electricity charges by about US$650 million in 2014, reducing the cost paid by final consumers and fostering electricity production from renewable sources. The Fare decree reforms the "Cip6" mechanism, introduced in 1992, and updates the computation of the avoided cost component (i.e., the value of the gas replaced by renewable sources) used to remunerate the production of electricity by private industry, such as petroleum refining. Under the decree, oil indexation of the natural gas price term, embedded in the computation of the avoided cost component, will fall from 80% to 60% during 2013. From 2014,

the avoided cost component will be updated on a quarterly basis and will be more strictly linked to the cost of natural gas in wholesale markets, as set out in decision ("delibera") 196/2013/R/GAS. Moreover, the decree imposes a cut in the A2 tariff component paid by final consumers. This cut will be financed by increasing the number of companies which are liable for the additional 6.5% rate of tax introduced in 2008. This additional tax will now be charged on energy companies that have revenues greater than US$4.0 million and an EBIT greater than US$0.4 million.
Gazzetta Ufficiale website, 21/06/13

Netherlands

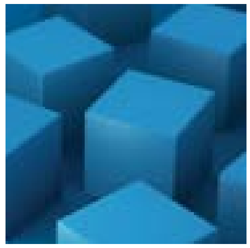
Energy Companies Should Be Clearer About Prices

Consumers have trouble understanding energy prices, according to research by the Consumer & Market Authority (ACM). ACM had already discovered in April that consumers who were considering switching supplier were dropping out of the process, due to unclear information provided by suppliers. Later research by ACM shows that 87% of consumers find the price information provided by different suppliers difficult to compare. Consumers are therefore less aware of the price differences between energy suppliers and less able to choose the best offer. Based on the results of this research ACM called upon the energy companies: (1) to adopt uniform concepts and to explain them clearly; (2) to reduce the number of price components; (3) to present consumers with a customized offer and contract; (4) to quote all prices including taxes and VAT; and (5) to switch from high to low rates in all regions at the same time. ACM has agreed with the energy companies that they will come up with concrete proposals to clarify these aspects of their energy prices in early July.
ACM website, 28/06/13

Poland

Polish Energy Regulator URE Approves Reductions In Household Electricity Prices

The Polish Energy Regulator URE approved new energy tariffs that will reduce household electricity prices by 3.9% to 4.6%, depending on the energy provider. The new tariffs are effective from July and are to last until the end of 2013. The regulator cited a drop in wholesale market power as well as in green certificate prices as the primary reasons for these reductions.
PAP Market Insider, 11/06/13; Reuters News, 11/06/13



Polish Energy Regulator URE Announces Exemption Of Energy Companies From Submitting Tariffs For Liquefied Natural Gas

The Polish Energy Regulator URE has taken a further step in the liberalisation of the gas market. On 13 June, the URE announced that energy companies holding licenses for trading gaseous fuels with foreign countries are eligible for exemption from the obligation to submit liquefied natural gas (LNG) tariffs for regulatory approval. Regulatory exemptions will be issued on a per-company basis, after companies submit individual applications for approval.

URE website, 13/06/13

Polish Ministry of Economy Announces A New Regulation Governing Gas Infrastructure

The Polish Ministry of Economy (MG) announced a new regulation on "the technical conditions to be met by gas networks and their location". The aim of the regulation is to put in place a clear legal framework that governs investment planning for pipelines as well as facilities built close to gas infrastructure. It also minimises the hassle for owners of properties with existing or planned pipelines. The regulation was published on 4 June 2013 in Poland's Journal of Laws and covers matters such as the definition of control zones for all pipelines. The new regulation is to come into effect in September 2013.

Polish Ministry of Economy website, 13/06/13

Romania

Romanian Government Adopts Emergency Ordinance Amending Green Energy Law

The Romanian government adopted an emergency ordinance that reduces incentives for renewable energy development. (See April 2013 edition of the GERN.) This measure reduces the award of green certificates: down from 2 to 1 per MWh of energy generated by wind power producers; down from three to one per MWh of energy generated by hydropower producers with installed capacity less than or equal to 10 MW, and down from six to four per MWh of energy generated by solar power producers. The ordinance will come into effect on 1 July and remain in place until March 2017 for hydropower and solar power and until 2018 for wind farms, at which point the respective producers will recover the green certificates that had been take away from them. Concerns have been raised about the effects of these changes on renewable energy investments in Romania.

Agence France Presse, 04/06/13; Mediafax News Brief Service, 05/06/13; MediaFax News Brief Service, 10/06/13

Romanian President Promulgates Law Supporting The Nabucco Gas Pipeline Project

The Romanian President promulgated a law supporting implementation of the Nabucco project, which comprises the construction of a natural gas pipeline from the Turkish-Bulgarian border to Austria. Romania is in the process of finalising the environmental permits for the project.

SeeNews – The Corporate Wire, 05/06/13; Trend News Agency (Azerbaijan), 05/06/13

Romanian Energy Regulator ANRE Approves Reductions In Household Energy Prices

The Romania energy regulator, ANRE, approved an average reduction of 1.3% in household energy prices starting 1 July 2013. Romania has agreed with the IMF and the European Commission to liberalise its energy market from that date as well.

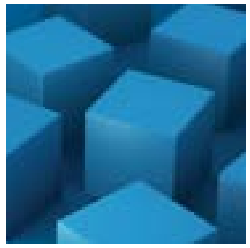
Mediafax News Brief Service, 21/06/13; SeeNews – The Corporate Wire, 21/06/13

Russia

Regulator Rejects Gazprom's Bid to Buy Quadra

The Federal Antimonopoly Service (FAS) has turned down the request by Gazprom group companies to purchase Quadra (formerly TGK-4). Quadra owns about 3,500MW of power generating assets. FAS argued that, if the merger goes ahead, the competitiveness of the market will diminish. Gazprom group's share in the capacity market in the Central zone will reach 20.5%, which will make Gazprom a dominant supplier with the ability to influence market prices.

FAS website, 19/06/13; Interfax, 19/06/13



Spain

Spanish Supreme Court Backs Network Access Charges For Pumped Storage Facilities

The Spanish Supreme Court rejected an appeal, filed by the Spanish Electricity Industry Association (UNESA) and electric utility Endesa, against Royal Decree 1544/2011. The decree extended to pumped storage facilities the network access charge of €0.50/MWh (US$0.65/MWh) that electricity generators must pay for injecting energy into the system. The Royal Decree establishes that pumped storage facilities must pay this unit charge not only for the electricity that they generate, but also for the additional electricity that they need to purchase in order to produce it. According to the plaintiffs this methodology results in a charge that is, in practice, higher than the limit established by the European Commission. According to the Spanish Supreme Court, the limit is not exceeded as it only applies to the energy that is produced, and not to the losses incurred in its production.

Poderjudicial.es, 06/06/13; Europa Press, 17/06/13

Supreme Court Orders Review Of Smart Meter Rental Rates

The Spanish Ministry of Industry will have to review the rental rates for smart electricity meters, following a decision by the Spanish Supreme Court. This ruling is the result of an appeal filed by Spanish electric utility Endesa against a ministerial order that set the rental rates in 2011. In its appeal, the utility argued that the approved rates were "clearly insufficient" and were established "without any justification or motivation, contravening the principles of objectivity, transparency and non-discrimination". The Court ruled in favour of the utility and urged the Ministry to "reassess those rates with proper justification".

Europa Press, 28/06/13; EFE, 28/06/13

Switzerland

Tax For Green Electricity And Water Protection Will Increase In 2014

As of 2014, electricity consumers in Switzerland will pay an extra CHF 0.006 (US$0.007) per kilowatt hour to promote electricity production from renewable energy sources and for the protection of water sources. The decision was made by the Federal Council as part of the revision of the Energy Ordinance.

Office fédéral de l'énergie, 26/06/13

NORTH AMERICAN NEWS

US

FERC Dismisses FirstEnergy Complaint Regarding PJM FTR Underfunding

The Federal Energy Regulatory Commission (FERC) dismissed FirstEnergy's second complaint against the underfunding of Financial Transmission Rights (FTR) in the market run by PJM Interconnection, LLC (PJM). Underfunding is the result of real-time constraints which cannot be modelled by PJM. Accordingly, FirstEnergy suggested a revision of the transmission cost calculation which would exclude the effects of real-time operation and re-allocate those costs to all transmission customers on a pro rata basis. PJM agreed that underfunding is a concern and generally supported FirstEnergy's proposed solution. FERC determined FirstEnergy's re-allocation proposal to be arbitrary since FTR holders may not be causing the underfunding but neither are all transmission customers. Additionally, the Commission found FirstEnergy did not sufficiently prove PJM's rules to be discriminatory or unjust.

FERC website, 05/06/13; Restructuring Today, 06/06/13

Utilities Ask Connecticut Regulators To OK New Rate Plan To Help Finance Large Natural Gas Expansion

Three Connecticut gas companies, Connecticut Natural Gas, Southern Connecticut Gas, and Yankee Gas, presented state regulators in Connecticut with a joint proposal outlining how they plan to expand their natural gas business within the state. The state's Comprehensive Energy Strategy was implemented at the beginning of the month and is designed to encourage an increase in the number of natural gas connections with residential, commercial and industrial customers. The three companies presented a detailed financial proposal to the regulators and asked them to approve a new rate plan to finance the project. Capital spending is expected to increase substantially over the next two to three years, with figures ranging between US$47 million for Connecticut Natural Gas and US$96 million for Yankee Gas.

http://www.ct.gov/pura, 17/06/13; Associated Press Newswires, 18/06/13

FERC Rejects Florida Utilities' Order 1000 Cost Allocation Provisions

The Federal Energy Regulatory Commission (FERC) rejected many provisions of the filings with regard to FERC Order 1000 by four Florida utilities: Duke Energy Carolinas LLC; Florida Power & Light Co.; Orlando Utilities Commission; and Tampa Electric Co. FERC determined that the utilities' proposal to consolidate local plans into a regional plan did not represent the most cost-effective solution to meeting Florida's transmission needs. FERC also found that the utilities' analysis estimating the avoided costs from replacing local facilities with regional-wide facilities was limited, and neglected the additional benefits of a regional project. FERC ruled that the utilities must clarify and revise provisions of their proposals such as enrollment procedures, dispute resolution processes, public policy accommodations, and components relating to the right of first refusal.

FERC website, 20/06/13; SNLEnergy.com, 21/06/13

President Obama Announced Plan To Address Climate Change

President Obama has announced a new plan for the United States to confront climate change. Although individual cities and states have already introduced renewable portfolio standards and implemented caps on CO2 emissions from power plants, the President has now directed the Environmental Protection Agency (EPA) to develop nation-wide CO2 emission limit standards, for all new and existing plants. Obama's plan also includes expediting the process of sanctioning renewables, encouraging investment in nuclear power and in technology to curb CO2 emissions, and a "Federal Quadrennial Energy Review" intended to ensure progress. The plan will supposedly not limit production of fossil fuels. Opponents of the plan predict that these changes will hurt jobs and the economy. The EPA is predicted to have a rule drafted within a year, with a final rule following a year from then.

Wall Street Journal, 25/06/13; RestructuringToday, 26/06/13

CENTRAL & SOUTH AMERICAN NEWS

Colombia

Regulator Approves Gas Import Incentive Scheme

The Colombian energy regulator, CREG, approved the incentive scheme designed to regulate natural gas imports. The regulation establishes a market structure composed of three independent agents: thermal generators, gas infrastructure agents, and imported gas retailers. The regulation also establishes a certain set of requirements that companies must fulfil in order to be qualified as an agent. The main objective of this measure is to ensure fuel supply in the medium and long term for thermal generators.

CREG, 13/06/13; Portafolio.co, 13/06/13

Panama

Government Approves Solar Energy Law

Panama's National Assembly approved a law that introduces an incentive regime for the construction, operation, and maintenance of solar power facilities. The National Authority of Public Services will grant construction or operation licenses to individuals or corporate entities, which will benefit from several tax exemptions, tax credits, long-term energy purchase agreements, and the possibility of applying accelerated depreciation to their equipment for accounting purposes.

Government of Panama, 12/06/13; Law 37/2013

ASIA PACIFIC NEWS

Australia

Financial Resilience First Interim Report

The Australian Energy Market Commission (AEMC) has released its first interim report in response to the request by the Standing Council on Energy and Resources (SCER) for advice on reducing the risks that arise from financial interdependency between electricity companies, when electricity retailers are exposed to a common spot price and hedging arrangements. The AEMC has provided recommendations to mitigate the effects of the failure or financial distress of a large retailer in the National Electricity Market (NEM). Currently, the NEM has a retailer of the last resort mechanism (ROLR), which transfers customers to a new retailer if their retailer fails. As part of the interim report, the AEMC recommends changes to the ROLR, credit support arrangements, and the development of an alternative regime to the ROLR.

AEMC website, 04/06/13

Final Determination On STTM Deviations And The Settlement Surplus And Shortfall

The Australian Energy Market Commission (AEMC) issued the final rule determination and rule in response the change request on the rule on Short Term Trading Market (STTM) Deviations and the Settlement Surplus and Shortfall. The final rule implements the majority of the changes proposed by the Australian Energy Market Operator (AEMO). The AEMC also inserted a set of principles and parameters into the National Gas Rules to direct the AEMO in the development of deviation pricing through future consultation processes on and changes to STTM procedures. The final rule will take effect on 1 May 2014.
AEMC website, 20/06/13

Draft Decision On Connecting Embedded Generators

The Australian Energy Market Commission (AEMC) published draft rules which seek to reduce barriers to the connection of small electricity generators to distribution networks. The rules stem from an increasing number of electricity consumers seeking to connect small-to-medium-sized generators to the networks. The draft rules set out the responsibilities of connecting consumers and distributors, and identify the technical and security implications for the distribution network. The AEMC is calling for public submissions.
AEMC website, 27/06/13

Pipeline Operator Cost Recovery Processes Final Decision

The Australian Energy Market Commission (AEMC) has released its final rule determination and the relevant rule for pipeline operator cost recovery processes. The request for a rule change was submitted by the Australian Energy Regulator (AER) and the final rule incorporates a number of the AER's proposed changes. The AEMC also incorporated additional amendments to promote greater efficiency in the operation and use of the pipeline operator cost recovery provisions in the National Gas Rules. The final rule will take effect on 1 July 2013.
AEMC website, 27/06/13

India

Regulator Approves 25% Increase In Electricity Tariffs for Tata Customers

The Maharashtra Electricity Regulatory Commission (MERC) approved Tata's request to raise power tariffs to residential customers from this month. Tariff increases will total 25% in this financial year, with additional increases announced for the next two years. The reason for the tariff increase is a jump in the average cost of supply in MERC's multi-year tariff regime.
The Times of India, 29/06/13; Mint-WSJ, 29/06/13

Regulator Includes Indonesian Coal In Tariff Determination Index

The Central Electric Regulatory Commission (CERC) plans to include Indonesian coal prices in a composite index used for determining tariffs of projects running on imported coal. According to CERC, the revision is necessary to reflect Indonesia's share in coal imports into India. Such indexation is expected to help power generation companies recover fuel costs. Recent coal import data shows that about 76% of the thermal coal used in India comes from Indonesia and 19% from South Africa.
SNL Coal Report, 24/06/13; The Economic Times, 19/06/13

Japan

Japanese Nuclear Regulator Announces An Overhaul Of Safety Guidelines

The Nuclear Regulation Authority announced new safety guidelines, in the wake of the 2011 Fukushima Daiichi nuclear power plant disaster, to apply to all Japan's nuclear plant operators. The regulations will be enforced by the Japanese government and will take effect in July. The new measures will require utilities to put in place specific countermeasures against possible severe nuclear accidents. Operators are expected to start applying for safety assessments with the Nuclear Regulation Authority as soon as the regulations come into effect.
The New York Times, 20/06/13; Kyodo News, 21/06/13

Regulator Finalizes Safety Plans

Japan's Nuclear Regulation Authority completed the new set of regulatory safety procedures for nuclear reactors. The new regulation will oblige plants to be able to withstand even highly unlikely natural disasters and accidents, to build secondary control rooms for reactor cooling and to assess the presence of geological faults underneath the power plant. The power sector has asked for implementation to be accelerated, to help restarting reactors earlier.

DJI, 19/06/13; Kyodo, 19/06/13

South Korea

Regulator Approves Restart Of Nuclear Reactor To Cope With Power Supply Crunch

South Korea's Nuclear Safety and Security Commission approved the restart of a nuclear reactor at the Hanbit power station (NPP), south of Seoul. The reactor remained out of service for eight months as cracks were found in the maintenance routine. This restart will help South Korea to ease the power supply crunch it faces in the summer season, as nine of the 23 plants are still offline for safety reasons. Currently, nuclear energy supplies around a third of South Korea's electricity.

IH Global Insight, 10/06/13; Bloomberg News, 10/06/13

Thailand

Thai PTT Gas Monopoly Threatened

Thailand's Energy Regulatory Commission has drawn up regulations, which, if approved by the National Energy Policy Council, will open up the gas supply market by allowing third-party access to PTT's extensive offshore and onshore gas grids. The new regulations will allow gas suppliers to supply gas directly to consumers and will allow large consumers to choose between suppliers.

Energy Economist, 01/06/13; International Gas Report, 03/06/13

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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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