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Reporting on energy regulation issues around the world

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Global Energy Regulation

Contents

EUROPE

UK

Ofgem Faces Appeal Over RIIO ED1 Electricity Distribution Price Control

The Competition and Markets Authority (CMA) allowed the appeal of two firms, Northern Powergrid and British Gas, against Ofgem's RIIO-ED1 electricity distribution price control. Northern Powergrid, a distribution network operator, argued that Ofgem had mistakenly disallowed £104 million (US$153 million) of costs that it was entitled to recover through its regulated revenues. By contrast, British Gas argued that the price controls collectively issued to all five "slow track" DNOs would result in the DNOs earning excess returns, to the detriment of consumers. (A sixth "fast track" DNO was the subject of an earlier price control decision and is unaffected by the appeal.) The CMA will issue its final determination on 30 September.

CMA, 30/03/2015

North Sea Interconnector To Be Developed

The British and Norwegian governments announced that their respective electricity transmission system operators (National Grid and Statnett) had taken the decision to invest in a 1.4GW submarine interconnector. The interconnector, which will be the world's longest undersea cable of its type, will connect the electricity markets of the two countries.

DECC, 26/03/2015

Ofgem Fines SSE For Inflating Cross-Border Constraint Payments

Ofgem fined electricity generator SSE £100,000 (US$147,000) for posting inflated offers in the electricity balancing market to constrain its power output. Ofgem found that SSE raised the price at which it was willing to constrain production at six of its hydroelectric dams in Scotland due to a risk of flooding. Ofgem decided that these prices had been maintained for longer than was necessary, resulting in overpayments to SSE. Under licence conditions introduced in 2012, generators are forbidden from exploiting market conditions to charge excessive prices.

Ofgem, 18/03/2015

General Editor
Tomas Haug

Regional Editors
Amparo Nieto: North America
Oscar Arnedillo: Spain, Portugal, European Union and Latin America
Carlo Scarpa, Francesca Mazzarella: Italy

ScottishPower Banned From Selling To Customers Over Poor Service

Ofgem banned ScottishPower (SP) from proactive selling to customers for 12 days, following SP's failure to deal with a backlog of customer complaints. Customers that have not had a complaint resolved by their supplier within eight weeks can appeal to the Energy Ombudsman. Ofgem found that SP had not implemented the solutions required by the Ombudsman within a timeframe that Ofgem laid out when it first identified the issue in November 2014.

Ofgem, 04/03/2015

Belgium

CREG Approves Elia's Proposal Concerning The Rules For Operating The Strategic Reserve

In its final decision, CREG, the federal energy regulator, approved the proposal of grid operator Elia for rules on the operation of a strategic reserve. CREG approved the proposal after checking that Elia's draft development plan complied with the 10-year plan published by ENTSO-E. According to the Electricity Act, Elia, as transmission system operator, has to submit the operating rules of the strategic reserve for approval by CREG. CREG conducted a public consultation on the proposal and on the draft decision. The approved operating rules will apply from 1 November 2015.

CREG website, 03/04/2015

Czech Republic

ERU Publishes Draft Of Edict On Price Regulation In Gas Industry

On 16 March 2015, the Energy Regulatory Office (ERU) published a new draft edict on the methods and procedures for regulating prices in the gas industry, in accordance with the relevant act on the regulation of business and state administration in the energy sector.

CEZ website, 17/03/15; Ceska Informacni Agentura SRO, 17/03/15

European Union

ACER Asks ENTSOG For Further Improvements To The Network Code On Harmonised Transmission Tariff Structures

The European Agency for the Cooperation of Energy Regulators (ACER) issued its opinion on the Network Code on Harmonised Transmission Tariff Structures for Gas issued by ENTSOG in December 2014. ACER acknowledged that the openness of the process carried out by ENTSOG resulted in improvements to the proposal through contributions from stakeholders. Nonetheless, ACER noted serious concerns regarding: the definition of transmission services; publication requirements; the description of the various cost allocation methodologies; the approach to defining prices; the conclusions of the impact assessment on harmonisation of the tariff setting year; the pricing of interruptible capacity and non- physical backhaul capacity; and incremental capacity.

ACER, 31/03/2015

European Commission Asks Spain To Correct Its Application Of The Renewable Energy Directive

The European Commission sent Spain a reasoned opinion requesting the correct implementation of the Renewable Energy Directive, in particular regarding the provisions that affect biofuels. According to the Commission, the Spanish regulation does not apply sustainability criteria and treats sustainable biofuels and raw materials from different geographical origins differently without justification.

Europa.eu, 26/03/2015

European Commission Asks Hungary To Submit Its National Energy Efficiency Action Plan

The European Commission sent a reasoned opinion requesting Hungary to submit a National Energy Efficiency Action Plan. According to the Energy Efficiency Directive, Member States must prepare an Energy Action Plan every three years. In parallel, the Commission has referred Hungary to the Court of Justice of the European Union for failing to transpose the Energy Efficiency Directive.

Europa.eu, 26/03/2015

European Commission Issues Statement Of Objections For Suspected Abuse Of Dominance On Bulgarian Natural Gas Markets By Bulgarian Energy Holding And Its Subsidiaries

The European Commission sent a statement of objections to Bulgarian Energy Holding (BEH). According to the Commission, BEH and its subsidiaries may have breached EU antitrust rules by preventing competitors from gaining access to the gas transmission network and the gas storage facility. In addition, BEH allegedly reserved unnecessary capacity on the gas import pipeline. In cases where antitrust laws are infringed, the Commission is entitled to impose fines of up to 10% of the company's annual worldwide turnover.
Europa.eu; 23/03/2015

Commission Calls For Proposals Under The Connecting Europe Facility Programme

The European Commission has launched a call for proposals to help finance key trans-European energy infrastructure projects. Up to €100 million (US$ 106 million) will be available to projects aimed at ending energy isolation, eliminating energy bottlenecks, and completing the European energy market. This is the first of two calls that the Commission has planned for 2015. The deadline for applications is 29 April 2015 and a decision on the proposals to be funded is expected during mid-July.
Europa.eu, 5/03/2015

Spanish, French, And Portuguese Governments And The European Commission Agree To Promote Energy Interconnections

On 4 March 2015, the presidents of Spain, France, Portugal, and the European Commission met in Madrid to discuss strengthening the Iberian Peninsula's connections with the rest of the EU energy market. They reached agreement on setting up a High Level Group to step up efforts to develop gas and electricity infrastructure and interconnections in Southwest Europe, and to ensure that all present and planned projects are implemented in time. This High Level Group will regularly monitor the progress of the projects and will provide technical assistance to the Member States.
Europa.eu, 4/03/2015

France

CRE Approves Flow Based Market Coupling In Electricity Sector

The French energy regulator, CRE, has agreed to “flow based market coupling” and expects its implementation to start in late May, once other regulators in Germany, Austria, Belgium, Luxembourg, and the Netherlands have formally approved the method. CRE argues that flow based market coupling allows for better optimization of the use of the region’s electricity generation capacities. CRE hopes this method will reduce production costs and help strengthen the security of supply.

Flow based market coupling is the European authorities’ preferred choice for the calculation and allocation of capacity at the interconnections of the region’s national power system. Under this method, physical transmission capacities are automatically assigned to trade where they provide the greatest utility. This development of market coupling could reduce production costs by about €100 million (US$106 million) per year across the region and should also enable more secure management of the electrical system through better coordination among relevant network operators.
CRE website, 31/03/2015

Tariffs Set For Regulated Gas Sales Starting 1 April 2015

Starting on 1 April 2015, the regulated gas tariffs of GDF SUEZ will increase by 0.58% on average compared to the tariffs that have applied since 1 March 2015. This increase reflects the change in GDF SUEZ’s supply costs since March, according to the tariff formula under Article 2 of the decree of 30 June 2014 on regulated tariffs for sales of natural gas. This increase arrives at a time of reduced gas deliveries from the Netherlands and uncertainties related to the Russian-Ukrainian crisis, as well as the slight resurgence of oil prices in February. Prices have fallen by 6.8% on average since 1 January 2014.
CRE website, 26/03/2015

Germany

Feed-in Tariffs For Photovoltaic Systems Decrease By 1%

The German regulator for electricity, gas and telecommunication networks, the Bundesnetzagentur (BNetzA), announced that feed-in tariffs for the output of photovoltaic systems (PV systems) during the period 1 April 2015 to 1 July 2015 will fall by 0.25% at the start of each month.

The BNetzA determines and publishes the feed-in tariffs for photovoltaic systems each quarter. Under the Renewable Energy Act, feed-in tariffs for PV systems are adjusted automatically every month depending on the capacity installed in excess of the statutory plan. New construction of PV systems fell again in the last 12 months, to 1,811 MW, less than the so-called “additional construction band” of 2,400-2,600 MW per year on which PV feed-in tariffs are based.

BNetzA website, 31/03/2015

Federal Cabinet Passes Draft Bill On Developing Electricity Lines

On 25 March, the German Federal Cabinet passed a draft bill proposing changes to the laws on developing electricity lines. The new law includes the possibility of extending underground cabling and lengthens the intervals between each Grid Development Plan (NEP) from one year to two years. The latter change underlines the Ministry’s intention to give all citizens enough time to become familiar with the NEP and to participate in public consultations. The proposed bill also introduces new grounds, such as environmental protection, for decisions on extending electricity lines.

Federal Ministry of Economic Affairs and Energy website, 25/03/2015

Federal Ministry Of Economic Affairs And Energy Publishes Cornerstones For New Regulation Of Distribution Grids

On 16 March 2015, the Federal Ministry for Economic Affairs and Energy (BMWi) presented key elements of “a modern regulatory framework for modern distribution grids.” The core element of this modernisation initiative is a revision of the Incentive Regulation Ordinance, which the BMWi regards as highly important for the efficiency of the energy transition, given the crucial role of distribution grids. The key elements presented set priorities for the revision of incentive-based regulation. They aim to improve investment conditions and to strengthen efficiency incentives, for instance via an efficiency bonus for investment in smart technologies. The BMWi declared that it would develop the draft revision of the Incentive Regulation Ordinance on the basis of these key elements.

Federal Ministry of Economic Affairs and Energy website, 16/03/2015

Parliament Passes New Law On Energy Efficiency

On 6 March 2015, the German upper house (Bundesrat) passed a new law on energy efficiency. The law is part of the continuing effort to transfer the EU energy efficiency guidelines into German law. The law encompasses, among other things, mandatory energy efficiency audits for companies every four years starting in December 2015. The law will come into force between April and May 2015.

Ministry for Economic Affairs and Energy website, 06/03/2015

Government Publishes Update On National Energy Agenda

The German government published the current status of its 10-point energy agenda, originally introduced in June 2014. The government reports that all intermediate targets due in early 2015 have been reached and that it will continue as planned in the areas of energy efficiency, environmental protection, and security of energy supply. Major projects for 2015 include the pilot project for a market-based allocation mechanism for renewable energy subsidies, a new energy market design, and a reform of the German incentive regulation for energy networks.

Ministry of Economic Affairs and Energy website, 05/03/2015

Greece

Government And Regulator At Odds Over Rise Of The Green Levy Tariff

The new Greek government has proposed a draft bill that would stop a planned increase in the Green Levy tariff, known as the ETMEAR tariff, from taking effect in March 2015. The move overrules the energy regulator, RAE, which had planned to increase the tariff to reduce the large financial deficit borne by the market operator, LAGIE. LAGIE pays green energy producers and has effectively been carrying the financial burden of the subsidy scheme. It is unable to recover the full cost from end users, even though the ETMEAR tariff was increased by 30% last year.

European Daily Electricity Markets, 24/03/15

Ireland

Distribution System Security And Planning Standard

On 12 March 2015, the Commission for Energy Regulation published a revision of the Distribution System Security and Planning Standards, following a consultation by ESBN in May 2014. The published document has been revised, taking account of comments received during the consultation, and is consistent with the consultation document. The amendments add clarity and update the section on generation connections, given the significant increase in embedded generation since its last publication in September 2003.
CER, 12/03/15

Compressed Natural Gas For Transport

The Commission for Energy Regulation (CER) published an Information Note on 25 March 2015 covering a number of regulatory issued raised by the supply of compressed natural gas (CNG) to customers as a transport fuel. The paper sets out a number of high-level issues that affect the CER's role and responsibilities, and which the CER will be considering over the coming months. At the same time, the CER published a Consultation on a proposed approach to the licensing of suppliers of CNG in public settings. Consultation responses are requested before close of business on Tuesday, 5 May 2015.
CER, 25/03/15

Future Of Gas Entry Regime Draft Decision

On 27 March 2015, the Commission for Energy Regulation (CER) published its Draft Decision on the future of the Gas Entry Tariff Regime. This sets out the CER's "minded to" decision regarding the gas tariffing methodology that will apply from October 2015. This new methodology would calculate the network transmission tariffs for Entry onto and Exit off the Gas Networks Ireland system. In addition, the Draft Decision includes a proposal to allow a discount entry from storage facilities in Ireland. Responses are due by 8 May 2015.
CER, 27/03/15

Italy

Electricity Capacity Market: The Italian Energy Regulator Proposes An Early Launch

The Italian energy regulator, Autorità per l'Energia Elettrica e il Gas e il Settore Idrico (Aeegsi), called for the early implementation of the electricity capacity market in Italy in order to bring forward the expected benefits of the mechanism, i.e., promoting competition and guaranteeing the security of the system. This is the key message of a note by Aeegsi sent to the Italian Ministry of Economic Development and the national grid operator Terna in mid-March. Contrary to the original plan of a four-year delivery horizon, Aeegsi proposes to move forward the delivery date of the capacity market to January 2017, only 15 months after the expected launch of the first auctions in September this year. The delivery horizon would then be progressively increased up to four years as initially agreed. According to Aeegsi, the early delivery of the capacity market would be feasible if a set of simplifications to the mechanism is allowed on a temporary basis. These simplifications, include: reducing the number of allowed bids by each participant; increasing the minimum price reduction on the auction base price (from 5% to 10%); and halving the number of auction sessions. In the upcoming weeks, the Ministry of Economic Development will have to reach a final decision on the launch of the long-awaited capacity market in Italy.

Aeegsi website, 11/03/15

Reform Of The Electricity Tariff System: Abolition Of Progressive Tariffs And Enhanced Cost-Reflectivity

The Italian energy regulator, Autorità per l'Energia Elettrica e il Gas e il Settore Idrico (Aeegsi), announced a reform of the almost 40-year-old tariff system for households in the electricity sector. Following a consultation process, which closed on 16 March 2015, Aeegsi proposes to abolish the progressive tariff structure, originally implemented to limit energy consumption in the wake of the 1970s oil crises. The aim is to overcome numerous flaws such as inefficient cross-subsidies and inequity between customer groups. To this end, Aeegsi laid out several options for re-structuring electricity tariffs, with a view to enhancing the cost-reflectivity of tariff components covering network services (transmission, distribution, and metering) and general system costs. Aeegsi also proposes to change the current framework for contracted capacity by increasing the number of capacity brackets, reducing the cost of changes to the level of contracted capacity, and in general enhancing consumers' awareness of their use of capacity. In the regulator's view, this would foster energy savings by increasing households' awareness of their energy needs whilst contributing to the transition towards a "*green-white economy*." Given the broad scope of the reform, Aeegsi expects to implement the new system gradually over a two-year period between 2016 and 2018.

Aeegsi website, 10/03/15

Netherlands

Determination Of Incentive Bonus For Availability Of NorNed Cable In 2014

On 20 February 2015, the Consumer & Market Authority (ACM) set the level of an incentive bonus for TenneT at €1,435,265 (US$1,516,000). TenneT, the electricity transmission system operator, will receive this bonus because it made available the maximum possible capacity on the NorNed cable in 2014.

ACM website, 10/03/15

Flights Cancelled At Schiphol Airport As Power Outage Hits Amsterdam

All flights to and from Amsterdam's Schiphol airport were cancelled after a major power outage hit large parts of the city and the surrounding province of North Holland on Friday, 27 March. After an hour and a half, TenneT, the Dutch transmission system operator, said power had been restored to some parts of the densely populated region. It took more than two hours to restore power to Amsterdam's financial district and power only returned gradually to cities across the province, home to one-sixth of the country's 17 million people. TenneT said the power failure was caused by a fault at a substation in Diemen, a suburb of Amsterdam.

The Guardian, 27/03/15; The Irish Times, 27/03/15

Portugal

Government Postpones The Phasing Out Of Regulated Gas And Electricity Tariffs To The End Of 2017

The Portuguese government published an order postponing the phasing-out of regulated gas and electricity tariffs to the end of 2017. As of 31 December 2017, regulated end-user tariffs will no longer be available to Portuguese consumers of electricity and natural gas, who will need to select a retailer.

Jornal de Noticias, 30/03/2015; Negocios, 30/03/2015

ERSE Launches Consultation On The Development And Investment Plan For Gas Distribution Networks 2015-2019

The Portuguese energy regulator, ERSE, launched a consultation on the Development and Investment Plan for Gas Distribution Networks covering the period 2015-2019. The document compiles four proposals submitted by the country's gas distribution system operators to the General Directorate of Energy and Geology, as required by law. The consultation is open until 6 May 2015.

ERSE, 24/03/2015

Spain

Government Formalises Tax On Hydro Production

The Spanish government finalised the application of a 22% tax on revenues from hydroelectric power plants that was originally approved in late 2012. The tax will apply to electricity produced since January 2013. Even though all hydro installations are subject to this tax, those with a capacity below 50MW benefit from a 90% discount on the amount of tax payable. Of the collected revenues, 98% will be used to pay electricity system costs (such as subsidies to renewable energy support schemes), while the remaining 2% will be kept by the River Authorities.

Europa Press, 25/03/2015; La Moncloa, 20/03/2015

Turkey

Turkey's First Nuclear Plant Delayed By At Least Three Years

Turkey announced that it now anticipates a delay of at least three years in the commissioning of its first nuclear plant. The Russian State Atomic Energy Corporation (Rosatom), which is developing the project at a cost of US$20,000 million, had originally pledged to bring the project online by 2019. The delay in commissioning has been partly caused by a delay in receiving environmental approvals, but analysts have expressed concerns that recent economic troubles in Russia may have strained Rosatom's finances.

Panapress, 24/03/15; Mehr News Agency, 24/03/15; The Moscow Times, 24/03/15

NORTH AMERICAN NEWS

US

California Introduces Bill To Eliminate Limits On Non-Utility Electricity Sales

A bill introduced in the California legislature (S.B. 286) would allow non-utilities to sell unlimited electricity to commercial and industrial customers. If passed, the bill would overturn the state's prohibition on commercial and industrial electric customers purchasing more than 12% of their electricity from non-utilities.

Utility Dive, 05/03/15; ClimateWire, 05/03/15

Colorado Considers Exploring Alternative Utility Regulation Models

Colorado legislators introduced a bill (H.B. 1250) to examine new options for regulating the state's utilities. The bill would mandate that the state's public utilities commission (PUC) undergo a proceeding to "explore alternative utility revenue models" that better serve the public interest. The bill aims to improve Colorado's regulatory model to improve service to customers and to reduce environmental degradation, among other goals. If enacted, the bill would require that the PUC finalize the proceeding by 1 October 2016, at which time it would be required to report back to the Colorado legislature on its findings. With the bill, Colorado would follow in the footsteps of New York, California, and Hawaii, all of which have launched similar regulatory reform initiatives.
GreenTech Media, 12/03/15; Utility Dive, 12/03/15

FERC Approves Rules Providing Priority Rights To Excess Transmission Capacity

The Federal Energy Regulatory Commission (FERC) approved a draft final rule that establishes a five-year period during the "critical early years" of a project in which generators can secure priority rights to use excess capacity on their own "interconnection facilities" (also known as "generator lead lines" or "tie lines"). Public utilities will also be granted a blanket waiver from requirements to provide open access transmission tariffs, open access same-time information systems, and standards of conduct. Currently, generators are required to make excess capacity available to third parties, and can only gain priority rights or waivers by filing a petition that requires the FERC's approval. This version of the final rule makes several changes to the original Notice of Proposed Rulemaking including requiring that during the five-year period, owners must expand their facilities if a third party is willing to pay. Opposing stakeholders held that this rule would weaken open access and grant vertical market power to the owners of interconnections.
SNL Energy, 19/03/15; FERC website, 19/03/15

Proposed Texas Bill May End Renewable Energy Incentives For Utilities

Texas legislators have filed a bill that would end the program requiring power companies to purchase renewable energy credits from wind farms. The program, enacted in 1999, has greatly surpassed the state's initial targets for wind development. Wind power generation in Texas represents 11% of electricity used by Electric Reliability Council of Texas (ERCOT) and 20% of the total wind capacity in the US. Opponents of the bill believe ending the program will send a message that Texas does not support clean energy and will jeopardize wind projects whose funding is predicated on income from sales to utilities. However, the bill's supporters argue wind power is sufficiently established to succeed in the future without additional financial support from the state.
Dallas Morning News, 22/03/2015; Utility Dive, 24/03/2015

South Carolina Approves Net Metering And Solar Generation Policy

On 20 March 2015, South Carolina regulators approved a settlement agreement on net metering and solar generation policy, which was negotiated by utilities, conservation groups, and other stakeholders. Although the agreement is set to expire in 2021, customers can remain on the net metering rates until 2025, allowing 10 years of certainty on rates. Credits for each kilowatt-hour of electricity produced by a customer-owned solar generation system will be set equal to the full retail rate of a kilowatt-hour produced by the utility and no additional fees will be levied on net metering customers. The utilities can recover revenues lost to net metering customers through fuel clauses. Utilities will file a more detailed version of the net metering tariff proposals within 60 days of the order. The Act also legalized third-party ownership of solar power and established rules of operation for solar leasing companies.
Utility Dive, 23/03/15; SNL Energy, 24/03/15

CENTRAL & SOUTH AMERICAN NEWS

Brazil

Electricity Distributors Allowed To Buy Excess Electricity From Self-Generators

The Ministry of Energy and Mines issued an order that allows distribution companies to purchase, through public competitive tenders, the surplus of electricity generated by large consumers with self-generation units. The remuneration of the energy purchased by distribution companies varies according to the technology used to generate the electricity. This measure is aimed at helping to ensure that peak demand is met and also to reduce the exposure of distribution companies to fluctuations in the spot electricity price.

Reuters; 11/03/2015; Diario de Pernambuco, 11/03/2015

Bolivia

Government Has A Portfolio Of 25 Hydroelectric Projects Totalling 16,000MW

Bolivia's Hydrocarbons and Energy minister announced that the government has a portfolio of 25 hydroelectric projects totalling 16,000MW that will require investments of over US$50,000 million. The minister stated that some of these projects are currently being implemented, while the others are still under review.

America Economía, 19/03/2014; ABI, 18/03/2015

Chile

Government Amends Gas Supply Law

The Chilean government sent a draft bill amending the existing gas supply law with a view to modernising the country's gas supply services. The new law maintains the minimum allowed rate of return at 6%, but reduces the additional allowed margin from 500 to 300 basis points. This draft proposes that a company whose returns exceed the maximum allowed should be subject to a regulated tariff system. In such a case, tariffs will be calculated so that consumers are compensated for any excess return that the company has obtained. The period during which a company will be subject to such regulated rates will depend on the National Competition Authority.

Revista Electricidad, 3/03/2015; Chilean Lower House, 3/03/2015

Colombia

Government Aims To Boost Renewable Energy Production

Colombian Energy and Mining Planning Office (UPME) presented the country's energy plan until 2050. This document provides the basis for the development and implementation of Colombian energy policies. According to the document, the government aims to diversify the country's electricity generation mix by 2028 by reaching a 10% share from non-conventional renewable generation. The objective is for the country to become less dependent on generation from hydroelectric and natural gas plants.

BI-Latam, 12/03/2015; Portafolio, 10/03/2015

ASIA PACIFIC NEWS

Australia

Terms Of Reference Released For Review Of Victorian Declared Wholesale Gas Market

The Australia Energy Market Commission (AEMC) is undertaking a Review of the Victorian Declared Wholesale Gas Market at the specific request of the Victorian Government. The Terms of Reference for the review were released on 12 March 2015 and require the AEMC to consider the following issues: (1) market participants' ability to manage price and volume risk and options for improving risk management; (2) alignment between market signals or incentives and efficient use of, and timely investment in, transmission pipeline capacity; (3) any obstacles to trading of gas between the Declared Transmission System and interconnected facilities and pipelines; and (4) whether the current wholesale gas market arrangements facilitate market entry and competition in upstream and downstream markets. The AEMC review is expected to release a draft report to the Victorian Government by December 2015.

AEMC website, 12/03/15

Draft Rule Determination Published On Matched Allocation Process In The Short Term Trading Market Rule Change

The Australian Energy Market Commission (AEMC) released its draft rule on the matched allocation process in the Short Term Trading Market (STTM) rule change. Under the draft rule, the operator of the NSW Gas Network would be able to manage its daily gas needs using either the "matched allocation process", or the STTM. Under the matched allocation process, the operator can exclude gas used for operational requirements from settlement in the Sydney STTM. This draft rule would make permanent the existing provisions under the National Gas Rules, which are due to expire on 30 June 2015. Submissions to the draft rule determination and draft rule close on 23 April 2015.
AEMC website, 12/03/15

Final Rule Introduced To Strengthen Governance Arrangements And Implementation Of Reliability Standards And Settings

On 19 March, the Australian Energy Market Commission (AEMC) introduced a final rule to strengthen the governance of reliability standards and settings in the National Electricity Market. Under the final rule, the reliability standard, which measures the adequacy of electricity generators to meet consumer demand, will be incorporated in the National Electricity Rules. The final rule also requires the Australian Energy Market Operator to develop reliability standard implementation guidelines. The final rule is identical to the draft rule released in December 2014 and is effective from 26 March 2015.
AEMC website, 19/03/15

Draft Determination On Expanding Competition In Metering And Related Services

On 26 March, the Australian Energy Market Commission (AEMC) released draft changes to the National Electricity Rules and National Energy Retail Rules. The proposals allow new competitors to enter the metering services market, and offer consumers the ability to take up advanced meter services. These changes are intended to increase competition between retailers, networks, and other market participants, to increase consumer protection by allowing consumers to opt out of having an advanced meter, and to encourage cost efficiency and innovation. The draft rule changes are part of the broader "Power of Choice" reforms by the COAG Energy Council, supporting consumer-driven evolution of the energy market. The deadline for submissions on the draft rules is 21 May 2015.
AEMC website, 26/03/15

About Our Practice

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

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

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