Norway lawmakers call for scrutiny of wealth fund Saudi holdings

Norwegian socialist lawmak- ers are stepping up pressure to review the country's $1tn wealth fund's investments in Saudi Arabia after the killing of journalist Jamal Khashoggi. In a proposal to parliament put forward last week, lawmakers rep- resenting the small Socialist Left Party demanded an overhaul of the country's ties with Saudi Arabia, including the wealth fund's hold- ings in the kingdom. Legislators, including the party's standing member on the Finance Committee, Kari Elisabeth Kaski, said the government needs to ex- amine whether the investments are in compliance with the fund's ethi- cal and human rights framework. They also asked for a review of all investments in weapon producers and the supply of weapons to the war in Yemen. It's unclear if the motion will receive broader backing from the main opposition party, Labor, or the three-party minority govern- ment. Abid Raja, a key lawmaker for the Liberals, a member of the ruling coalition, also last month called on the fund to divest from Saudi Arabia. At the end of last year, the fund held about $831mns in Saudi Arabian stocks, invested in 42 companies. The holdings have more than doubled since it entered Saudi Arabia in 2015, but records show that it dumped its holding in Saudi Telecom Company. The fund was set to increase its investments in Saudi Arabia due to the country being included in in- dexes, but that was put on hold by the government earlier this month amid a broader global review. Also earlier this month, Nor- way’s Foreign Minister Ine Eriksen Soreide said that the government will halt any new export licences for sales of defence material to Saudi Arabia.

Energy firms dive with oil in Asia; major markets fall into negative territory

AFP/Hong Kong

Asian energy firms took another battering yesterday after oil prices suffered their worst day in three years, while most of the region’s major equity markets fell into negative territory.

The pound enjoyed some support after Britain and the European Union said they had reached a draft Brexit deal, though observers were cautious as it faces a number of hurdles before being given the green light.

Both main crude contracts plunged Tuesday – Brent lost 6.6% and WTI 7.1% – on oversupply fears just as demand falters in the face of the China-US trade war and easing economic growth.

With prices now down more than a fifth from their four-year highs seen in early October, oil kingpin Saudi Arabia this week said it will cut output.

The announcement fuelled an initial surge in the crude market before a Donald Trump tweet calling for it to keep prices low sent the commodity plunging.

The selling continued on Tuesday and then Wednesday in Asia after Opec trimmed its outlook for demand this year.

And energy firms were caught in the crossfire.

Hong Kong-listed CNOOC dived 4.7% while Sinopec slipped 2.3%

and PetroChina lost 3.6%. In Tokyo, Inpex was 1.9% down and Australia's Woodside Petroleum sank 2.5%.

"Oil prices remain the hottest topic in capital markets if not in the world after extending their slide to 12 days and suffering one of the more precipitous falls in years," said Stephen Innes, head of Asia-Pacific trade at OANDA.

"It's all about the toxic combination of weakening global demand and oversupply that has sent prices tumbling."

And Rakuten Securities commodity analyst Satoru Yoshida tipped Trump's pressure to keep Opec from making deep cuts.

Broader markets were also lower, with Hong Kong slipping 0.5% and Shanghai down 0.9%.

Earlier, figures showed Chinese consumer spending slowed last month, with officials pointing to shoppers saving for the annual Singles Day mega-sale that took place on November 11.

However, there was some upbeat news in an improvement in investment and industrial production.

Sydney lost 1.7%, while there were also losses in Singapore, Seoul, Wellington and Bangkok.

But Tokyo edged up 0.2% despite data showing the Japanese economy shrunk in July-September owing to weakness in China and a series of natural disasters hitting domestic spending.

Manila, Mumbai Taipei and Jakarta also enjoyed gains.

In early European trade, London fell 0.5%, Paris shed 0.8% and Frankfurt was 0.9% lower.

There was little movement after comments from the White House's top economic adviser Larry Kudlow that US and Chinese officials were "having communications at all levels" on trade ahead of a possible meeting between Trump and President Xi Jinping this month.

With both sides digging their heels in, expectations for a breakthrough are low, analysts said.

On currency markets, the pound managed to hold on to small gains that came on the back of news that Prime Minister Theresa May finally had a Brexit agreement to put to her cabinet.

However, she must now get it past a divided cabinet before putting it to parliament, where both pro- and anti-Brexit MPs are unhappy with the few details that have so far emerged from the pact. “Failure to pass the deal will raise the prospects of a disorderly Brexit, a general election and also a second referendum,” said Rodrigo Catril, senior foreign exchange strategist at National Australia Bank.

“By the end of the week with some certainty the pound won’t be trading near current levels, it could be significantly higher or massively lower.”

And Neil Wilson, chief market analyst at Markets.com warned: “The cabinet will likely pass it but with assault from all sides of the house and Brexit divide, it seems impossible parliament will vote it through.”

The euro was also enjoying some lift from the Brexit developments, though the gains were tempered by news that Italy’s populist government had stuck to its wallet-busting budget plan, putting it on course for a standoff with Brussels.

Data showing the first shrinkage of the German economy for three years added to pressure on the unit.

In Tokyo, the Nikkei 225 closed up 0.2% to 21,846.48 points; Hong Kong – Hang Seng ended down 0.5% to 25,654.43 points and Shanghai – Composite closed down 0.9% to 2,632.24 points yesterday.

Pakistan govt plans to privatise two RLNG-fi red power plants

The Privatisation Commission (PC) board has asked National Power Parks Management Company Limited (NPP- MCL) to come up with a detailed working pa- per on proposed privatisation of two regasi- fi ed liquid natural gas – RLNG-based power plants, a statement said yesterday. The 1,233MW Balloki and 1,230MW Haveli Bahadur Shah power plants have already been cleared by Cabinet Committee on Privatisa- tion (CCoP) for their 100% privatisation in the next two years. The meeting, which was presided over by Muhammad Mian Soomro, chairman Priva- tisation Commission, directed the manage- ment of NPPMCL to work on the feasibility paper for the privatisation of the power plants as either a bundle package or separate entities along with timelines, justifi cations, and any issues ancillary to it for the consideration of the board and CCoP. A senior offi cial said before initiating the privatisation process of these plants, their case would be taken to the Council of Com- mon Interests (CCI). “After that the privatisation of these entities would be done under the strategic sale,” the of- fi cial added. The statement said the board also directed the concerned department to launch the process for hiring of fi nancial advisers for other public sector enterprises (PSEs) in the Active Privatisation Programme as approved by the federal cabinet. The Evaluation

Committees for privatisa- tion transactions were also constituted dur- ing the meeting, it added. The meeting, the statement said, also con- stituted a committee for the resolution of the issue of contingent payments in the case of Financial Advisory Services Agreements con- cerning privatisation transactions initiated during the tenure of previous government.

“The board also approved to initiate the process for Hiring of Human Resource and further directed the concerned offi cials to review Human Resource Regulations in order to streamline the same for the betterment of organisation and to remove anomalies, if any,” the statement said. Almost two weeks back, the Pakistan Te- hreek-e-Insaf (PTI) government unveiled its fi ve-year privatisation agenda, and decided to privatise some profi t-making entities in oil and gas, power, aviation as well as in banking and insurance sectors; however, it refused to give some loss-making entities in private hands. The Cabinet Committee on Privatisation (CCoP), in a meeting on October 31, 2018, with Finance Minister Asad Umar in chair, decided to privatise nine-entities in the next two years, while two would be given in private possession later. The committee allowed giving the gov- ernment’s shareholding of 75% in Oil and Gas Development Corp Ltd (OGDCL), 67.5% in Pakistan Petroleum Ltd(PPL) and its 18.39% shares in Mari Petroleum Company Ltd (MPCL) to private sector in short-term through capital market, offi cial sources in the Cabinet Division. The offi cial further said in short-term, sale of 93.38% shares of SME Bank, 44.8% shares in Pakistan Reinsurance Company Limited (PRCL) and 100% shares of State Life Insur- ance Corp (SLIC) has been approved. Besides, in medium-term, 82.6% shares of the First Woman Bank would also be given to a private strategic partner, the offi cial added. Although, the government has not put the privatisation of Pakistan International Air- lines on the list, yet the national fl ag carrier’s assets, including Roosevelt Hotel in New York and Hotel Scribe in Paris have made the list of the assets to be sold out in medium-term. The CCoP has also decided not to priva- tise Utility Stores Corp (USC), Pakistan Steel Mills (PSM) and Civil Aviation Authority (CAA), and have struck them off its privatisa- tion plan.

40-Year-Old Renewable Energy Law's Due for a Revamp

A 40-year-old law that's been key to the growth of renewable energy in the U.S. may be due for an overhaul.

Much has changed since the Public Utility Regulatory Policies Act, called Purpa, was established in response to the Arab oil embargo of the early 1970s. Concerned about energy shortages, Congress wrote the law in part to encourage alternative energy. But that era of scarcity has since been replaced by one of abundance. And utilities say that Purpa should change with the times.

They say power markets have outgrown the 1978 statute, and that it’s burdening customers with billions in extra costs. “Changes to the market need to be reflected in the law,” said Adam L. Benshoff, executive director for regulatory affairs at the Edison Electric Institute, an industry association. “We’re certainly missing an opportunity to reduce costs for customers.”

They may get their wish. Neil Chatterjee, the new chairman of the Federal Energy Regulatory Commission, which oversees U.S. power markets, has indicated that his agency should take a look at the law. But he hasn’t outlined a timeline or scope of that effort.

Market Abuses

As it’s written, Purpa requires utilities to purchase power from renewable energy projects under certain circumstances. If a developer can build a project for less than a utility can build a new power plant, then they can request a contract to sell power to the utility.

Purpa Power

But utilities argue that developers have figured how to take advantage of the system. They’re asking for immediate fixes to prevent market abuses, and curb instances in which developers break up their projects into smaller ones to qualify for higher rates, according to the Edison Electric Institute. Reducing the threshold for mandatory purchases could also be looked at.

“We’re asking for Purpa to be modified in a way that more truly reflects avoided cost and stops some of the gaming,” said Benshoff.

Still Relevant

Purpa proponents, including solar and wind developers, reject the notion that it’s outdated, saying it’s essential to giving renewables a leg up in states that aren’t traditionally green leaning.

“Purpa has been a backdoor option to get some renewable projects to states that have few other policy levers that are incentivizing renewable energy,” said Timothy Fox, vice president at ClearView Energy Partners LLC. “If the implementation of Purpa is reformed, we could see a slowdown in some of the states with more conventional resources,” he said.

About 15 percent of U.S. solar capacity and 3 percent of wind planned to come online in the next few years may rely on Purpa, according to Bloomberg Intelligence.

The solar industry argues that any changes should be focused on making sure the law is enforced.

“It’s been a highly successful policy tool and continues to be a highly successful policy in markets where there is not otherwise access,” said Abigail Ross Hopper, who heads the Solar Energy Industries Association. Pushback from utilities is unsurprising, she said, since “we’re threatening their market, we’re threatening their monopoly.”

It’s all a far cry from when Charles Copeland was working as an engineer on an abandoned building in New York City’s Lower East Side back in the 1970s. He designed a solar collector system for a group of residents that generated power for the building and sent the excess to Con Edison.

The utility sued the residents, but the Public Service Commissioner ruled in favor of the building, and the ruling became a crucial forerunner of Purpa. Forty years later, Copeland says the law is as essential as ever.

“It’s even more urgent now, in terms of global warming,” he said.

GE seeks to raise $4bn with sale of Baker Hughes stake

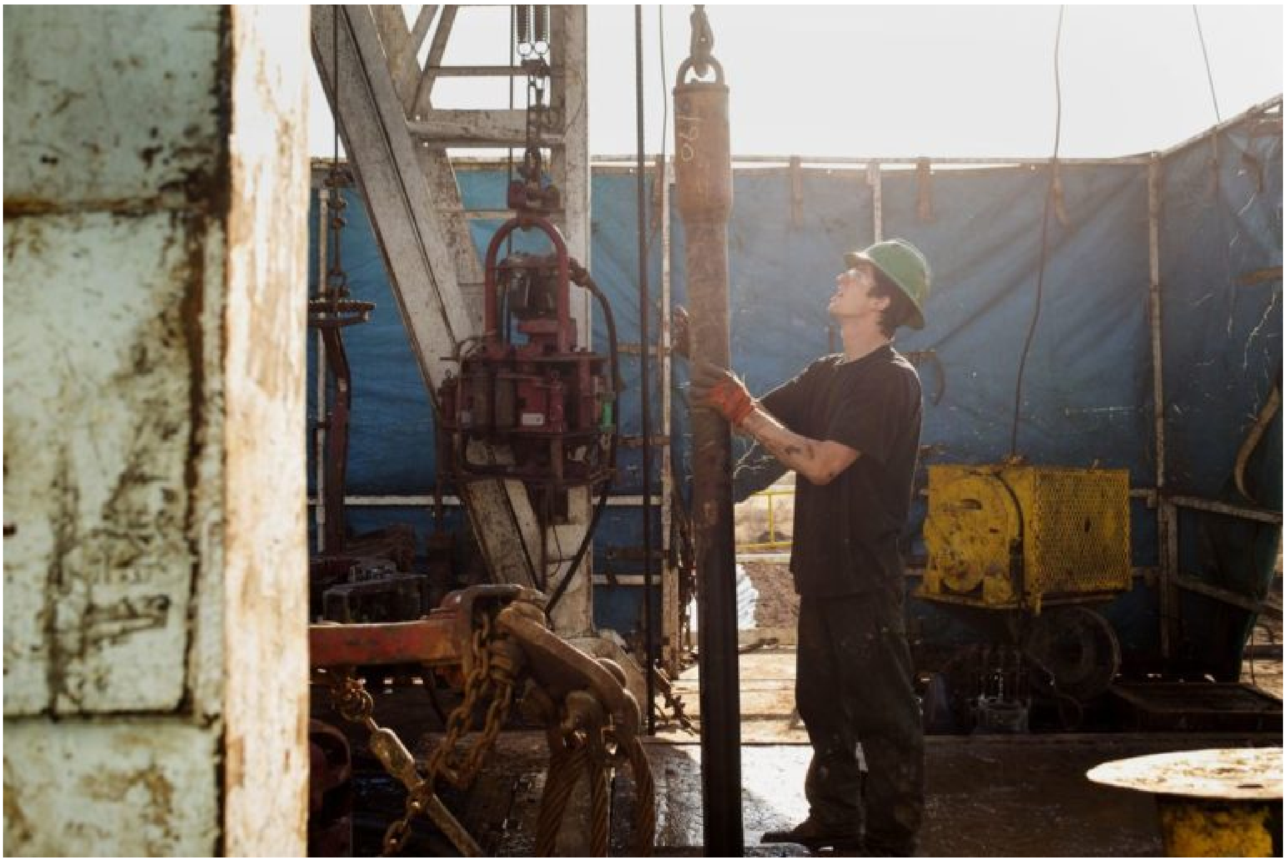
General Electric Co yesterday unveiled a plan to raise about $4bn by accelerating a proposed sale of a stake in oilfield services provider Baker Hughes, its latest move to simplify its businesses and reduce debt. Under the deal, the Boston-based industrial conglomerate will sell up to 101.2mn shares on the market and Baker Hughes will repurchase another 65mn shares from its parent. Based on yesterday’s share price of $23.76, the sale would raise around $3.97bn. Once a symbol of

American business power, GE faltered during the 2008 financial crisis and since then has replaced two CEOs. Its stock price has shed more than 80% of its value from highs in early 2000.

After the announcement, shares of GE rose 4.5% to $8.35, while Baker Hughes was up about half a per cent. The two companies also struck a series of agreements covering digital technology, products and debt to pave way for the share sale. GE, which bought Houston-based Baker Hughes in July 2017 and agreed to maintain a 62.5% stake until the middle of next year, has made a series of changes to lower its debt and focus on its core businesses of jet engines, power plants and renewable energy. The two will continue to share certain oil and gas technologies, and has a six month lock up of GE's remaining stake in the oilfield company. On Monday, recently appointed GE chief executive off icer Larry Culp said the company will sell assets with "urgency" to reduce debt, as GE shares tumbled as much as 10% and the cost of insuring its debt hit a six-year high. "The agreements announced today accelerate that plan in a manner that mutually benefits both companies and their shareholders," Culp said in a statement. Baker Hughes CEO Lorenzo Simonelli on Tuesday said the deal provides "clarity for our customers, employees and shareholders." In June, GE said it would sell its stake in Baker Hughes over the next two to three years. As part of the new deal, the companies will dissolve a two-year lock-up that would have prevented GE from selling shares of Baker Hughes until July 2019.

The sale comes as improving oil markets have helped Baker Hughes post a third-quarter adjusted net profit. The oil services firm also said it was optimistic about the near future with oil production in North America climbing to record levels. As part of the deal, GE will sell an undisclosed portion of its shares in the market and others will be acquired by Baker Hughes. GE will reduce its ownership to no more than 50.1% as part of the deal, the companies said. The companies also will create a joint venture focused on rotating equipment technology, primarily used in Baker Hughes' liquefied natural gas, oil and gas production, and pipeline and industrial segments. Baker Hughes said it had entered into long-term supply and distribution agreements with GE for heavy-duty gas turbine technology.

Chevron, Exxon Mobil Weigh Bids for Endeavor Energy



Chevron Corp. and Exxon Mobil Corp. are among the companies considering first-round bids this month for closely held oil producer Endeavor Energy Resources LP, according to people with knowledge of the matter.

The two oil majors may be joined by ConocoPhillips in competing for the business, which could be valued at about $15 billion including debt, said the people, asking not to be identified because the information is confidential. Royal Dutch Shell Plc has also been contacted and may participate, they said.

The value reflects Endeavor’s size, with drilling rights on 329,000 net acres, of which only 2 percent have been developed, the people said. A $15 billion sale would rank among the top 10 deals ever for a private energy company, according to data compiled by Bloomberg.

Representatives for Endeavor, Chevron, Exxon Mobil, ConocoPhillips and Shell declined to comment.

Endeavor, based in Midland, Texas, and owned by the family of founder Autry C. Stephens, agreed to explore a sale after its advisers got inquiries from prospective bidders, the people said. Despite that interest, the family’s preference remains an initial public offering in 2019 so it can retain control, and the management team is continuing to organize its accounts for that goal, they said.

“We think Endeavor’s asset base is likely to be attractive given the positioning in the core of the basin and the overall acreage continuity,” Biraj Borkhataria, an analyst at RBC Capital Markets, said in a note to clients. “However, given the size of the transaction buyers would likely be limited to large independents or majors.”

Exxon Mobil is the most logical buyer, according to Borkhataria, because it has the financial capacity and is keen to grow its position in the Permian Basin in Texas and New Mexico. The oil major had already signed a seven-year joint venture agreement with Endeavor in 2014 to bolster its work in the basin. The analyst said he doesn’t expect Shell to bid for such a large bundle of assets.

Exxon Mobil has plenty of drilling inventory in the Permian, following its purchase last year of $6.6 billion of assets in the region, Senior Vice President Jack Williams said in the company’s earnings call this month.

It’s open to more acquisitions, particularly those with “a large undeveloped aspect,” he said, according to a transcript compiled by Bloomberg.

“We continue to scan the market for all opportunities that play to our strength,” Williams said.

After a relatively slow start in the first half of the year, deal activity has increased in the North American oil and gas market, driven by companies looking to increase their interests in the Permian Basin. The deals have included Diamondback Energy Inc.’s agreement in August to buy peer Energen Corp. for $8.4 billion and BP Plc’s pending $10.5 billion acquisitionof BHP Billiton Ltd.’s onshore U.S. operations.

Trump presses Saudi over oil as ties fray further

President Donald Trump took aim at Saudi Arabia’s plan to cut oil pro- duction on Monday, injecting new tension into an already fraught alliance that has been clouded by US concerns over the killing of journalist Jamal Khashoggi and the ongoing confl ict in Yemen. Trump’s eff orts to infl uence oil production threatens to further strain relations between the two historic allies, even as his administration continues to describe the Saudis as a crucial partner in a shared bid to counter Iranian infl uence in the Middle East. But the US president – facing pressure after Republican losses in the midterm elections – is eager to tamp down threats to the economy, including higher gas pric- es. In a series of tweets, Trump blamed a stock market sell-off on the Democratic victory while pressing the Saudis and Opec to keep oil production at current levels. “Hopefully, Saudi Arabia and Opec will not be cutting oil production. Oil prices should be much lower based on supply!” Trump said on Twitter. Trump posted the message hours after Saudi Arabia’s energy minister said that Opec and its allies should reverse about half the increase in oil output they made earlier this year. Oil futures had gained as much as 2.4% in London and 1.8% in New York after the Saudi announcement.

Oil futures in New York fell 0.4% on Monday, extending a record 11th day of declines, to end the session at $59.93 a barrel. Trump risks testing Saudi patience – or even provoking the kingdom’s ire – at a particularly vulnerable moment, with the US decision to reimpose sanctions on Iran threatening to increase prices. The administration had been count- ing on Saudi Arabia to ensure oil supply to prevent a run-up in prices. The two countries have also clashed over the October killing of US-based jour- nalist Jamal Khashoggi at the Saudi con- sulate in Istanbul, with the Trump admin- istration reportedly considering sanctions on some Saudi offi cials in response. Over the weekend, the US stopped its refuelling support for the Saudi-led coa- lition fi ghting against Houthi rebels in Yemen. The Saudis said in a statement the deci- sion to end refuelling fl ights was a mutual one, and that the kingdom “increased its capability to independently conduct in-fl ight refuelling in Yemen.” And Trump isn’t expected to impose drastic penalties over the Khashoggi kill- ing, saying earlier this month that he did not feel “betrayed” by the plot and reit- erating his desire to avoid consequences that could harm the US economy. Still, the president is likely aware that his statement could irritate Saudi leader- ship. His tweet posted just minutes after a Fox Business Network segment in which energy analyst Phil Flynn said Opec lead- ers were angry Trump had “duped” them into raising production ahead of the Ira- nian sanctions. And the changes in posture by a Trump administration that had previously given Riyadh a pass on a range of international issues could prove an irritant in a relation- ship that has been carefully cultivated by the president and his son-in-law, Jared Kushner. The interference in oil matters risks overreach in a relationship Trump has lev- eraged to his advantage in the past.

In June, Saudi Arabia persuaded fellow oil producers to end 18 months of produc- tion cuts and pump more crude in response to falling output in Venezuela and Iran. Opec leaders made clear Trump’s social media posts were the impetus for the pro-duction changes, which kept oil prices low ahead of both the midterm elections and Trump’s expected move to reimpose sanctions on Iran. “We were in the meeting in Jeddah, when we read the tweet,” Opec Secretary- General Mohammad Barkindo said ear- lier this year. “I think I was prodded by his excellency Khalid al-Falih that probably there was a need for us to respond,” he said. “We in Opec always pride ourselves as friends of the US.” Producers need to cut about 1mn barrels a day from October production levels, Saudi Energy Minister Khalid al-Falih said Monday in Abu Dhabi. The kingdom will reduce shipments by about half that amount next month, he said. This time, Saudi Arabia is urging allies to focus on the risk of rising oil inventories and forecasts for massive growth in rival supplies next year including US shale. It’s a concern shared by Barkindo, who said Monday that the market balance is under threat from surplus supply and dwindling demand. “It is beginning to look alarming in the sense that the resurgence of non-Opec supply – in particular shale oil from the US – is putting a lot of pressure on this fragile equation,” Barkindo said in Abu Dhabi. A cut in oil exports by Saudi Arabia – or a rise in oil prices – does threaten to provide political ammunition to newly empowered Democrats who have long sig- nalled scepticism of Opec. Senate Minority Leader Chuck Schum- er, a New York Democrat, had previously supported legislation that would remove an existing immunity shield that prevents the oil group and its members’ national oil companies from being sued under US an- titrust law. It’s possible a more serious split be- tween the Trump Administration and the Saudis could give new momentum for such an eff ort, which failed after former President George W Bush threatened to veto it. Trump may also fi nd a familiar ally in his eff ort to pressure the Saudis: Russian President Vladimir Putin. Russia has argued that the oil supply excess is short term and has opposed pro- duction cuts, pitting it against the Saudis in an industry that dominates the econo- mies of both countries. The Russian and US presidents met briefl y at a lunch Sunday in Paris, where Saudi Arabian issues were discussed, ac- cording to White House press secretary Sarah

Sanders.

Lysys group takes part in Milipol Qatar

Tribune News Network
Doha

Lysys group of companies continues to demonstrate strong commitment to the Qatari market with its participation at Milipol Qatar, the international event for homeland security and civil defence in the Middle East.
Lysys Group was represented by Lysys Qatar WLL and Encode at the Milipol Qatar event.

Lysys Qatar is a technology company with expertise and a successful track record in systems integration for security and ICT systems for critical infrastructure as well as industrial automation, and professional and enterprise

communication systems.
Lysys has been operating in Qatar since 2011. It has a large team of experts, system integration engineers, software developers and an experienced programme management team in Doha.

Throughout its operation, Lysys has managed to establish and keeps developing an advanced eco-system of partners who have the best-of-breed solutions in their respective fields.
Lysys has participated and executed part of the scope of the most prestigious and world’s largest projects in Qatar covering a wide range of systems and technologies.

Lysys is investing significantly in the continuous development of the skills and technical competencies of its engineers and project managers as well as its partnership with world best class vendors aiming to offer the best solutions to its customers.
Lysys shareholders and higher management have been selected to implement some of the most critical projects in Qatar and they have stressed their commitment for continuous investment in Qatar market and contribution in realising Qatar’s vision for security and knowledge transfer. Encode is a leader in the space of cyber security. Hundreds of companies worldwide use Encode’s services and technologies to manage their cyber risks.

The technologies and services assume that the ICT environment will be eventually compromised and have been developed to augment customers’ capabilities for detecting and responding to cyber-attacks and security breaches.

U.S. judge halts Keystone XL oil pipeline in blow to Trump, Trudeau

WINNIPEG, Manitoba/NEW YORK, Nov 9 (Reuters) – A U.S. judge in Montana has blocked construction of the Keystone XL pipeline designed to carry heavy crude oil from Canada to the United States, drawing praise on Friday from environmental groups and a rebuke from President Donald Trump.

The ruling of a U.S. Court in Montana late on Thursday dealt a setback to TransCanada Corp, whose stock fell 1.7 percent in Toronto. Shares of companies that would ship oil on the pipeline also slid.

TransCanada said in a statement it remains committed to building the $8 billion, 1,180 mile (1,900 km) pipeline, but it has also said it is seeking partners and has not taken a final investment decision.

The ruling drew an angry response from Trump, who approved the pipeline shortly after taking office.

It also piles pressure on Canadian Prime Minister Justin Trudeau to assist the country's ailing oil sector by accelerating crude shipments by rail until pipelines are built. Clogged pipelines have made discounts on Canadian oil even steeper than they were earlier this year when Scotiabank warned that they may cost the country's economy C$16 billion.

U.S. District Court Judge Brian Morris wrote that a U.S. State Department environmental analysis of Keystone XL "fell short of a 'hard look'" at the cumulative effects of greenhouse gas emissions and the impact on Native American land resources.

"It was a political decision made by a judge. I think it's a disgrace," Trump told reporters at the White House.

The ruling was a win for environmental groups who sued the U.S. government in 2017 after Trump announced a presidential permit for the project. Tribal groups and ranchers also have spent more than a decade fighting the planned pipeline.
"The Trump administration tried to force this dirty pipeline project on the American people, but they can't ignore the threats it would pose to our clean water, our climate, and our communities," said the Sierra Club.

The State Department is reviewing the judge's order and had no comment due to ongoing litigation, a spokesman said.

The pipeline would carry heavy crude from Alberta to Steele City, Nebraska, where it would connect to refineries in the U.S. Midwest and Gulf Coast, as well as Gulf export terminals.

Shares of Canadian oil producers Canadian Natural Resources Ltd and Cenovus Energy lost 2.7 percent and 2.2 percent respectively.

Canada is the primary source of imported U.S. oil, but congested pipelines in Alberta, where tar-like bitumen is extracted, have forced oil shippers to use costlier rail and trucks.

Two pipeline projects have been scrapped due to opposition, and the Trans Mountain line project still faces delays even after the Canadian government purchased it this year to move it forward.

“You have to wonder how long investors will tolerate the delays and whether the Canadian government will intervene again to protect the industry,” said Morningstar analyst Sandy Fielden.

Ensuring at least one pipeline is built is critical to Trudeau’s plans, with a Canadian election expected next autumn.

“I am disappointed in the court’s decision and I will be reaching out to TransCanada later on today to show our support to them and understand what the path forward is for them,” Natural Resources Minister Amarjeet Sohi told reporters in Edmonton, Alberta.

Alberta has felt the financial pressure, and an industry source said the provincial government last month solicited proposals from companies on ways to move crude faster by rail. The source said proposals included ideas such as buying rail cars and investing in loading terminals.

“I’ve never seen (the Alberta government) so active on this front,” said the source, who asked not to be identified because the matter is politically sensitive. “That is a shift.”

Alberta Energy Minister Margaret McCuaig-Boyd said the province has sent a proposal to Ottawa to move crude faster by rail that includes making more tank cars available.

“We’re giving away our resources cheap,” she told reporters.

“We need market access.”

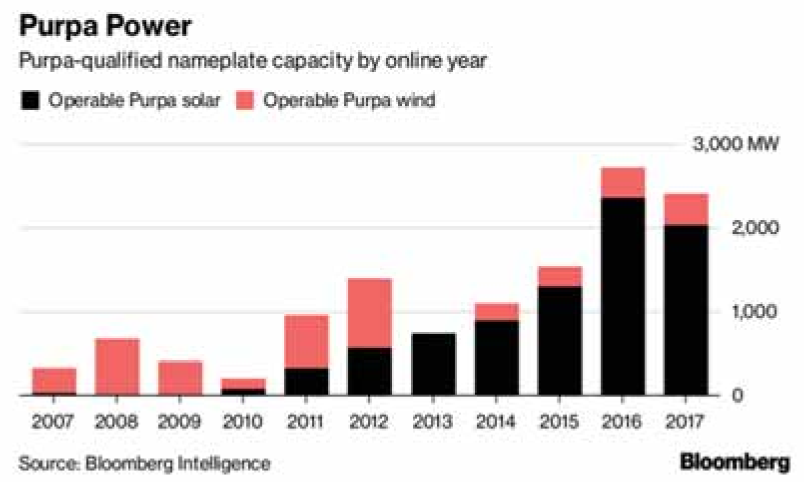
Neighboring Saskatchewan stands to lose C$500 million in annual royalties if the discount for Canadian crude remains steep, Saskatchewan Energy Minister Bronwyn Eyre said.

“People have placed quite a lot of hope in that (Keystone) project, so it’s a major setback,” she said in an interview.

Morris, in his ruling, ordered the government to issue a more thorough environmental analysis before the project proceeds. He said the analysis failed to fully review the effects of the current oil price on the pipeline’s viability and did not fully model potential spills and offer mitigation measures.

The ruling likely sets Keystone back by up to one year, said Dan Ripp, president of Bradley Woods Research. (Reporting by Rod Nickel in Winnipeg, David Gaffen in New York and Brendan O’Brien; Additional reporting by Roberta Rampton and Timothy Gardner in Washington, Julie Gordon in Vancouver and David Ljunggren in Ottawa; Editing by Jeffrey Benkoe, David Gregorio and Cynthia Osterman)

US 40-year-old renewable energy law is due for a revamp



A 40-year-old law that's been key to the growth of renewable energy in the US may be due for an overhaul. Much has changed since the Public Utility Regulatory Policies Act, called Purpa, was established in response to the Arab oil embargo of the early 1970s. Concerned about energy shortages, Congress wrote the law in part to encourage alternative energy. But that era of scarcity has since been replaced by one of abundance. And utilities say that Purpa should change with the times. They say power markets have outgrown the 1978 statute, and that it's burdening customers with billions in extra costs. "Changes to the market need to be refl ected in the law," said Adam L Benshoff , executive director for regulatory aff airs at the Edison Electric Institute, an industry association. "We're certainly missing an opportunity to reduce costs for customers." They may get their wish. Neil Chatterjee, the new chairman of the Federal Energy Regulatory Commission, which oversees US power markets, has indicated that his agency should take a look at the law. But he hasn't outlined a timeline or scope of that eff ort. As it's written, Purpa requires utilities to purchase power from renewable energy projects under certain circumstances.

If a developer can build a project for less than a utility can build a new power plant, then they can request a contract to sell power to the utility. But utilities argue that developers have fi gured how to take advantage of the system. They're asking for immediate fi xes to prevent market abuses, and curb instances in which developers break up their projects into smaller ones to qualify for higher rates, according to the Edison Electric Institute. Reducing the threshold for mandatory purchases could also be looked at. “We’re asking for Purpa to be modifi ed in a way that more truly refl ects avoided cost and stops some of the gaming,” said Benshoff . Purpa proponents, including solar and wind developers, reject the notion that it’s outdated, saying it’s essential to giving renewables a leg up in states that aren’t traditionally green leaning. “Purpa has been a backdoor option to get some renewable projects to states that have few other policy levers that are incentivising renewable energy,” said Timothy Fox, vice president at ClearView Energy Partners LLC. “If the implementation of Purpa is reformed, we could see a slowdown in some of the states with more conventional resources,” he said. About 15% of US solar capacity and 3% of wind planned to come online in the next few years may rely on Purpa, according to Bloomberg Intelligence.

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