Ouverture du marché et évolutions réglementaires : État des lieux et perspectives du processus de libéralisation

Die Regulierungsbehörde für den Markt in Frankreich: Bedeutung und aktuelle Herausforderungen

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Leiter Marktentwicklung

June 2nd 2016
CRE in a nutshell

- Created in **2000** as an **independent administrative authority** for electricity market regulation, CRE has also been competent for **gas market regulation since 2003**

- **Two independent Boards:**
  - A Board of 6 Commissioners
  - A Standing committee for dispute settlement and sanctions (CoRDiS)

- **130 employees**

- **Main Missions:**
  - Ensuring a **fair access** to public electricity grids and natural gas networks and facilities, including setting transmission and distribution network tariffs and settlement of disputes
  - Ensuring the transparent **operation and the development** of electricity grids and gas networks
  - Guaranteeing that **markets operate as efficiently as possible** through monitoring of wholesale and retail markets
  - Contribution to the achievement of the single energy market through active participation in **the Agency for the cooperation of European Energy Regulators (ACER)**
Regulating the access to baseload electricity generated by nuclear plants (ARENH)

Support mechanism schemes:
- Implementation of calls for tender issued by the French Minister for energy
- Adoption of consultative opinions on feed-in tariffs for renewables energy
- Proposal to the Minister for Energy of the annual level of the compensation mechanism for suppliers assuming public duties (renewable energy purchase obligation, uniform tariff nationwide, vulnerable customers‘ tariffs)

Capacity markets mechanism
Gas retail market: still a growing competition

- Regulated tariffs cover the incumbent’s supply costs, including gas price indexations in Engie’s long term contracts. The formula has evolved to give more and more weight to gas wholesale prices.
  - This weight went from 0% in 2010 to 77% in 2015.

- In April 2014, a new entrant referred to the Competition Authority on the situation on gas retail markets
  - In Sept. 2014, the Competition Authority asked Engie to give access to its database
  - In electricity, CRE ordered EDF to give access to its database to new entrants for non residential consumers concerned by the extinction of regulated tariffs.

- The Conseil d’État referred to the Court of Justice of the European Union to answer about compatibility between gas tariffs with Directive 2009/73 on gas market.
  - The decision of the Conseil d’État, based on the decision of the Court of Justice of the European Union, could imply the phasing out of gas regulated tariffs for small residential and non residential consumers
At each step, consumers with no offer could benefit from a higher transitory tariff until they could find a new offer. This transitory tariff ends on July 1st 2016.

In the first semester of 2016, CRE organised a tender in order to share the remaining consumers between retailers. Consumers have then to pay a tariff set by CRE during, at least, 1 year (30% higher than offers based on market prices).

Results: 8 retailers selected for electricity, 6 retailers for gas.

*And huge co-ownership households*
Electricity retail market: Reinforcement in competition for household and small business consumers

- Since November 2014: Regulated tariffs’ level reflect the costs supported by new entrants
  - All retailers are now able to build offers at least as competitive as regulated tariffs

- The decrease of wholesale market prices while regulated tariffs are based on ARENH price has improved the « economic space » for new entrants.
  - Competition has been stimulated by this new context

- Starting from summer 2016, CRE will be in charge of defining regulated tariffs
  - A new framework ensuring independancy and transparency

05/2016: 4,5M consumers have a contract with an alternative retailer

TRV + 5%

TRV + 2.5%

TRV + 2.5%

« Economic space »

2017-2018: 15 €

+ 40 000/mois  
+ 61 000/mois  
+ 72 000/mois  

Starting from summer 2016, CRE will be in charge of defining regulated tariffs
Electricity retail market: Market price offers

Two types of offers exist on the market:
- The **regulated tariffs**
- The **market price offers**, which could be:
  - Offers at fixed price
  - Offers at variable price (indexed on the regulated tariffs or other products like spot prices, or evolved to one suppliers’ own formula).

**Number of available market price offers for residential consumers on the electricity retail market**
« Transition énergétique » : What is at stake?

RES with support schemes
- Controls « support policy » (audit, economic analysis)
- Is in charge of the candidates’ selection in tender for new capacities

Large part of hydro plants are concessions
- Renewal process of concessions pending

Fossil fuel are flexible plants necessary for the system
- Rentability impacted by CO$_2$ price
- Coal : environmental issue
- Rentability : waiting for capacity revenue

Installed Capacity (GW)

- Nuclear: 63.1 GW
- Coal: 10.9 GW
- Gas: 10.3 GW
- Oil: 6.2 GW
- Hydro: 3.0 GW
- Wind: 25.4 GW
- Solar: 8.6 GW
- Bioenergy

Historical plants : 30 years on average
- Up to 100 TWh/year available for alternative retailers (ARENH)
- Around 40 TWh of historical contracts
- Development of new nuclear plants?
- Prolongation of operational life?
Capacity Mechanism
- A solution to security of supply issues
- Under the monitoring of CRE
- New perspectives for peak plants
- Solution to increase the value of demand response

Flexibility value
- A solution to face the growth of intermittent generation capacity
- Demand Response
- Industrial process

Smartgrids
- Smart-metering (Linky, Gazpar)
- Innovation in retail offers
- Decentralised generation