

OFATE

INTERSOLAR - Side Event

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**Regulatory framework
and business models
for solar power plants
with storage
The French case**

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LPA-CGR avocats : focus on our franco-german activities

KEY FACTS



1ST Franco-German law firm



1 German Desk in Paris

3 Offices in Germany



+10 years of existence of the German Desk



+15 Lawyers with a Franco-German culture and double qualification

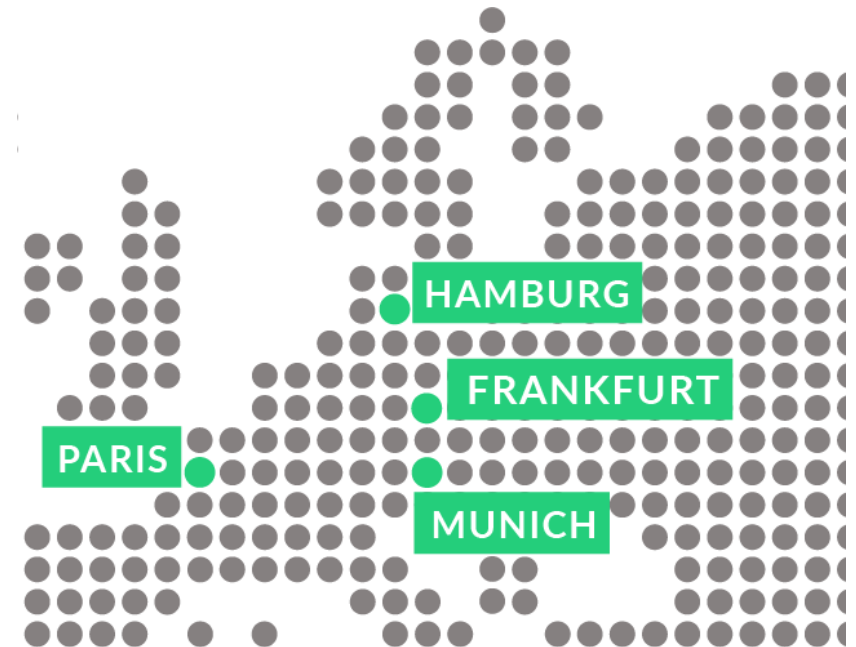


France: **> 140** lawyers

Germany: **> 65** professionals



Highly regarded expertise in all areas of business law, notably in **Renewables**





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▼ PRACTICE AREAS

Energy Law
Administrative & Public Law
Environment

▼ INDUSTRY SECTORS

Energy
Industry
Government and Public Policy

▼ AWARDS & NOMINATIONS

- **Legal 500 EMEA 2022:**
 - Environment (Tier 1)
 - Industry focus: Energy (Tier 2)
 - Administrative and public Law (Tier 3)
- **Décideurs 2022:** Africa Desk – Natural resources and renewable energies
- **Chambers Europe 2022:**
 - Environment (Band 1)
 - Projects and Energy: Domestic (Band 2)
- **Décideurs 2021:** Classified installations for environmental protection, polluted sites and soil, industrial wastelands (Leading); Waste management law (Leading); Renewable management law (Leading); Energy: market regulation (Leading 1); Administrative contracts and related litigation (Excellent 2); Local authority and mixed economy (Excellent 2); Public domain (Excellent); Public law - Market regulation (Highly recommended);
- **Trophées du droit 2020 :** Gold trophy in the category Renewable Energy Law
- **Trophées du droit 2019 :** Gold trophy in the category Environment

François Versini-Campinchi is a partner in energy law, primarily in public law

François is involved mainly in town planning law, environmental law and classified installations, electricity law and renewable energies (which includes wind energy, photovoltaic energy, hydropower and biomass), as well as in public contract law and drafting complex contracts in the public domain. He also litigates in these areas before administrative courts.

François is highly specialized in the renewable energy sector and more specifically in the solar and wind sectors. He assists his clients – including international and French companies, investment funds, banks – on development phase as well as financing and acquisitions of projects.

He has also developed specific expertise in the development of energy projects in Africa.

Agenda

1. A growing market for storage
2. Various remuneration mechanisms for storage
3. Storage/PV coupled legal framework
4. The non-interconnected areas example
5. In continental France

1. A growing market for storage

- Various storage mechanisms
 - Most of electricity storage is hydro (4,800 MW in 2021)
 - Recent development of battery storage (31 MW in 2019, 72 MW in 2020, 450 MW in 2021)
 - Up to 750 MW by 2023
- Biggest actors: NW Energy, Total Energies, Amarenco, Hanwa Solutions (80% of the projected 750 MW)
- Most of them with +10MW storage facilities, except NW Energy with 1MW facilities. All of them are only storage facilities

1. A growing market for storage

Increase of storage related to the needs for flexibility on the grid management

→ **Considered as an emergency measure by CRE in April 2022**

- Innovative projects:
 - RINGO project (RTE): an automated management of a large-scale battery network, with three sites in France (10 MW each)
- Law of 22 August 2021 *Climate and resiliency*: new possibility to launch call for tenders for electricity storage capacities (article L. 352-1-1 of Energy code) – Application decree currently under discussion
- Experimental calls for tender for local flexibility (announced in January 2022)

2. Various remuneration mechanisms for storage

Capacity market

Frequency control market:

- Frequency containment reserve (FCR)
- Automatic frequency restoration reserve (aFRR)
- Manual frequency restoration reserve (mFRR)
- Average cost of balancing mechanisms for RTE in 2021 (162€/MWh), three times the cost in 2020
- Very high price volatility, which hinders the possibility of long-term investments

Long term capacity calls for tender:

- 2021/2027: 151 MW, including 91MW of battery storage, with a tariff of 29k€/MW
- 2022/2028: 225 MW, including 160MW of battery storage, with a tariff of 28k€/MW
- Only 7-year period

3. Storage/PV coupled legal framework

Almost all the storage/PV coupled projects are battery based

→ Each requires its own administrative authorisation:

- **Solar plant** (ground-mounted or on-roof) is subject to building autorisation (building permit or prior declaration), which can include the storage building
- **Storage building** is a classified facility: an ICPE declaration for « *electric battery charging workshops* » if the capacity is over 50kW

→ **Grid connection** for both injection/substraction

4. The non-interconnected areas example

Specific situation of the French non-interconnected areas (Corse, Guyane, Martinique, Guadeloupe, Mayotte, Réunion): **an early development of storage/PV coupled facilities**

CRE calls for tenders on storage/PV coupled facilities:

- May 2015
- December 2016
- July 2019
- On roof between 0.1 and 1.5MW; ground-mounted between 0.1 and 5MW
- Obligation of 0.5MW of storage for every installed MW
- Optionnal commitment for guaranteed peak power supply (2 hours per day, with a tariff of 200€/MWh)

5. In continental France

Storage/PV coupled facilities still a small market in continental France

- Few actors with storage/PV facilities policy
- Ze Energy (about 14MW of storage): CPPA based, without any public support
- Clarification in the 2021 CRE call for tenders: **possibility of storage building, but without any public support**
- An absence of incentive, which hinders the development of coupled projects