



MEETING – INDIAN DELEGATION

15TH OCTOBER 2018, PARIS

Presentation of the French energy regulatory authority - CRE

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- Miyuki TSUCHIYA, Policy officer - European, International and Cooperation Affairs Directorate

1. Overview of the French energy mix

2. CRE organization and missions

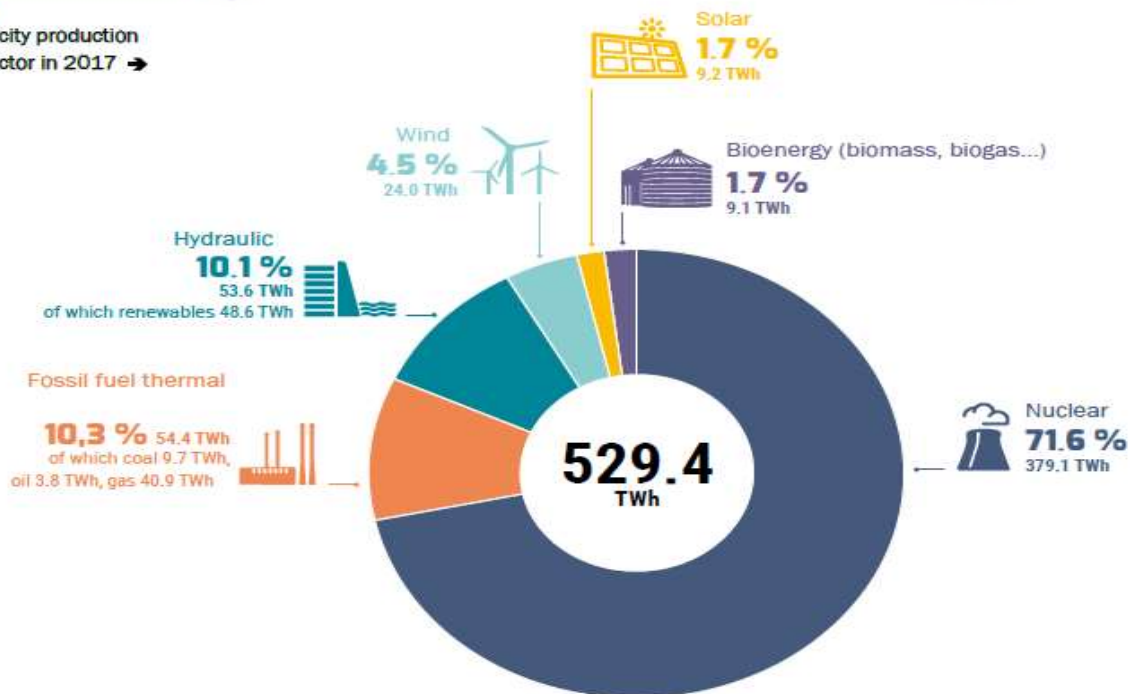
3. CRE in the European energy policy landscape



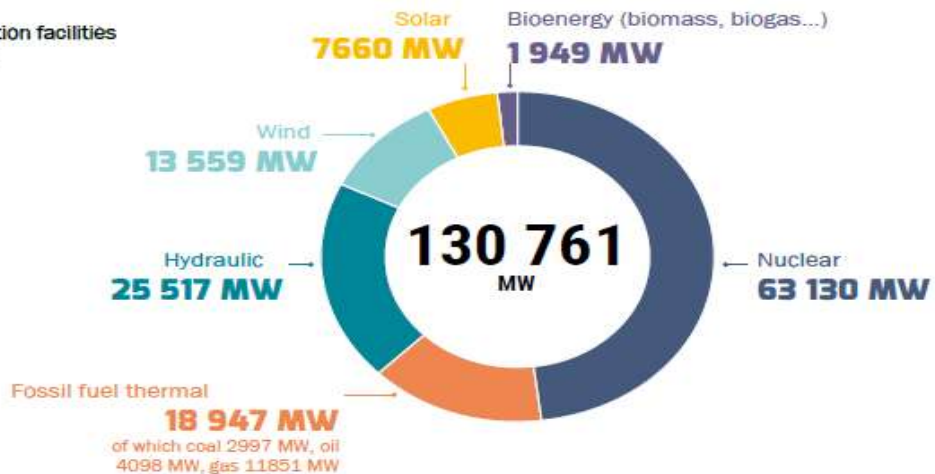
1. Overview of the French energy mix



Electricity production per sector in 2017 →

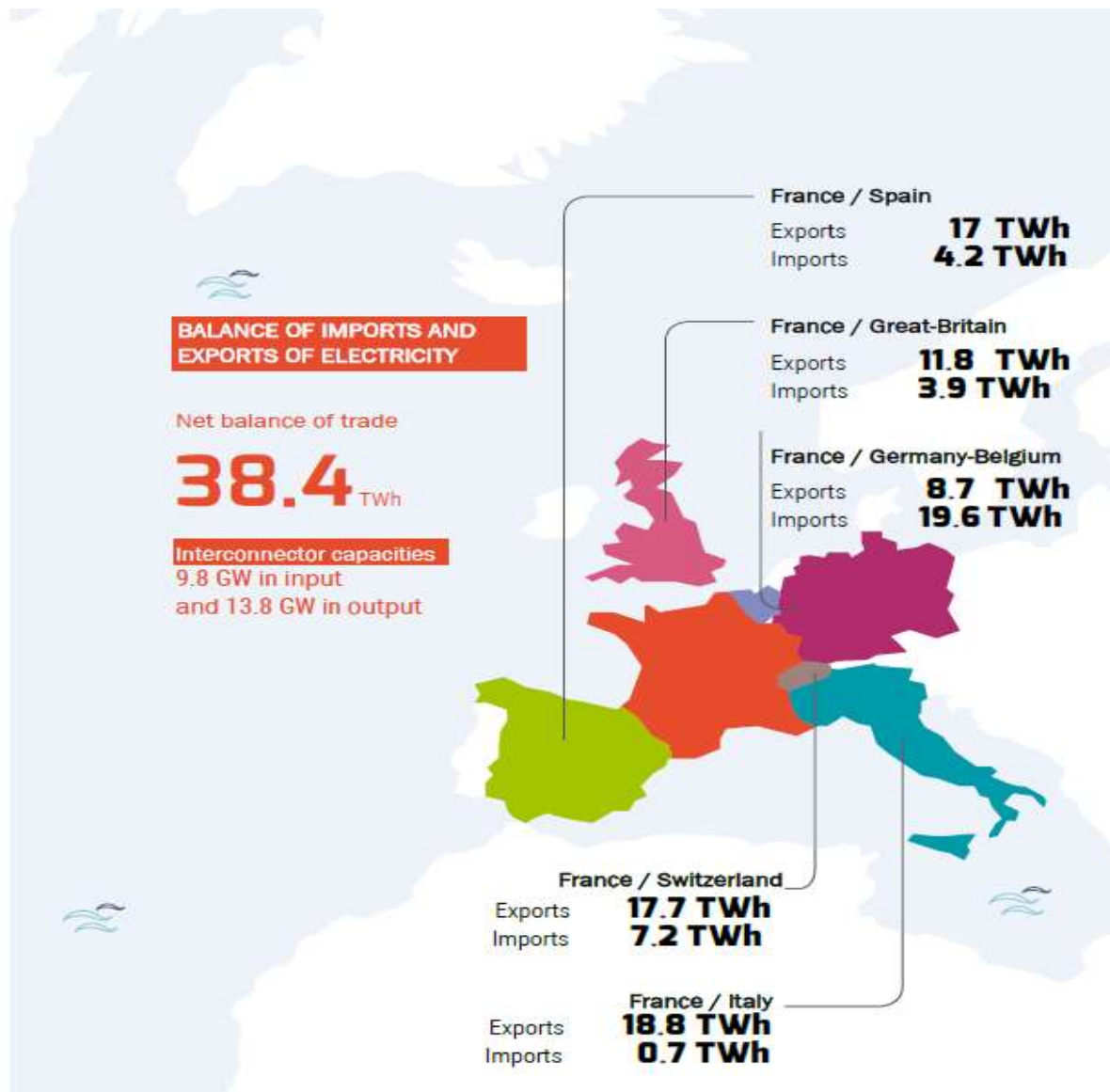


Electricity production facilities (12/31/2017) →



Source: RTE electricity review 2017

ELECTRICITY IMPORT



GAS IMPORT



OVERVIEW OF GAS IMPORTS AND EXPORTS

Net balance of trade

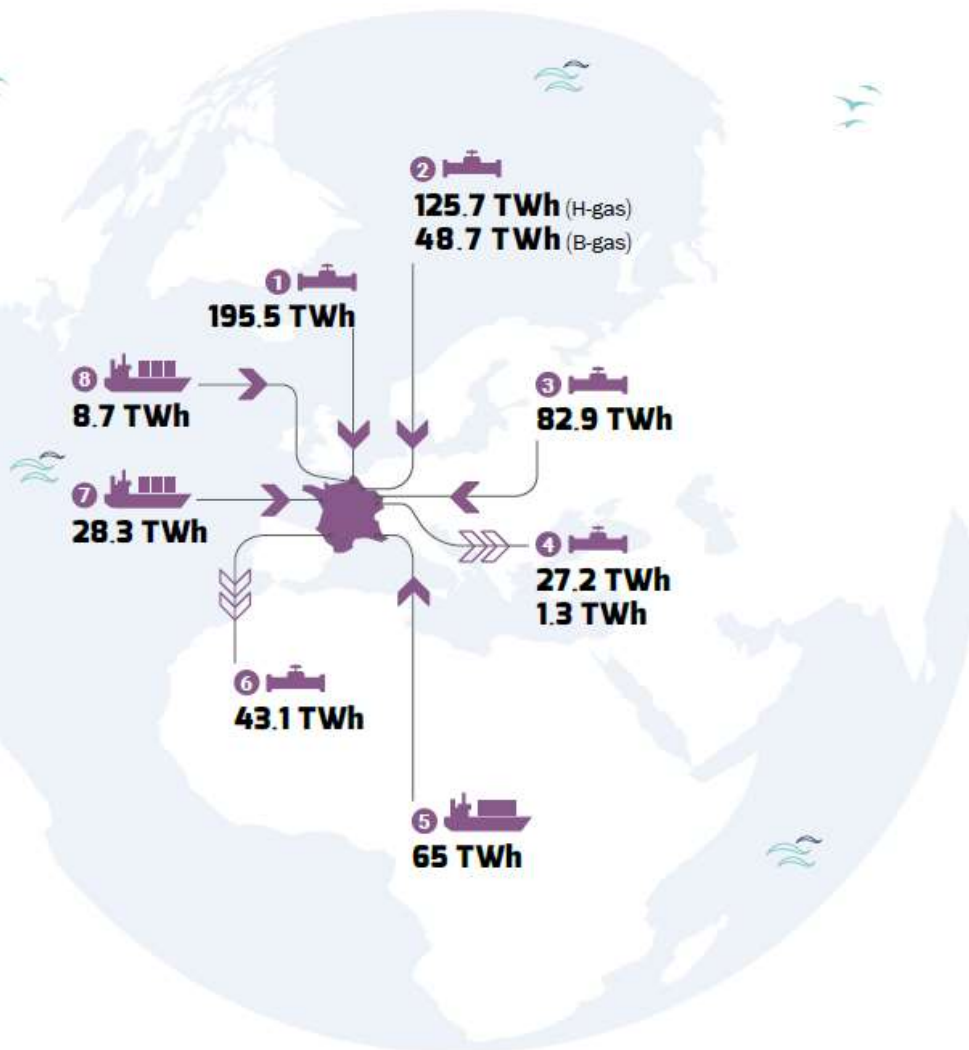
483.2 TWh

Interconnectors capacities

3 585 GWh/j in input and
658 GWh/j in output

Imports 583 TWh
Exports 100 TWh

- 1 Dunkerque
- 2 Virtualys + Taisnières B
- 3 Obergailbach
- 4 Oltingue & Jura
- 5 Fos-sur-Mer
- 6 PIR Pirineos
- 7 Montoir-de-Bretagne
- 8 Dunkerque LNG

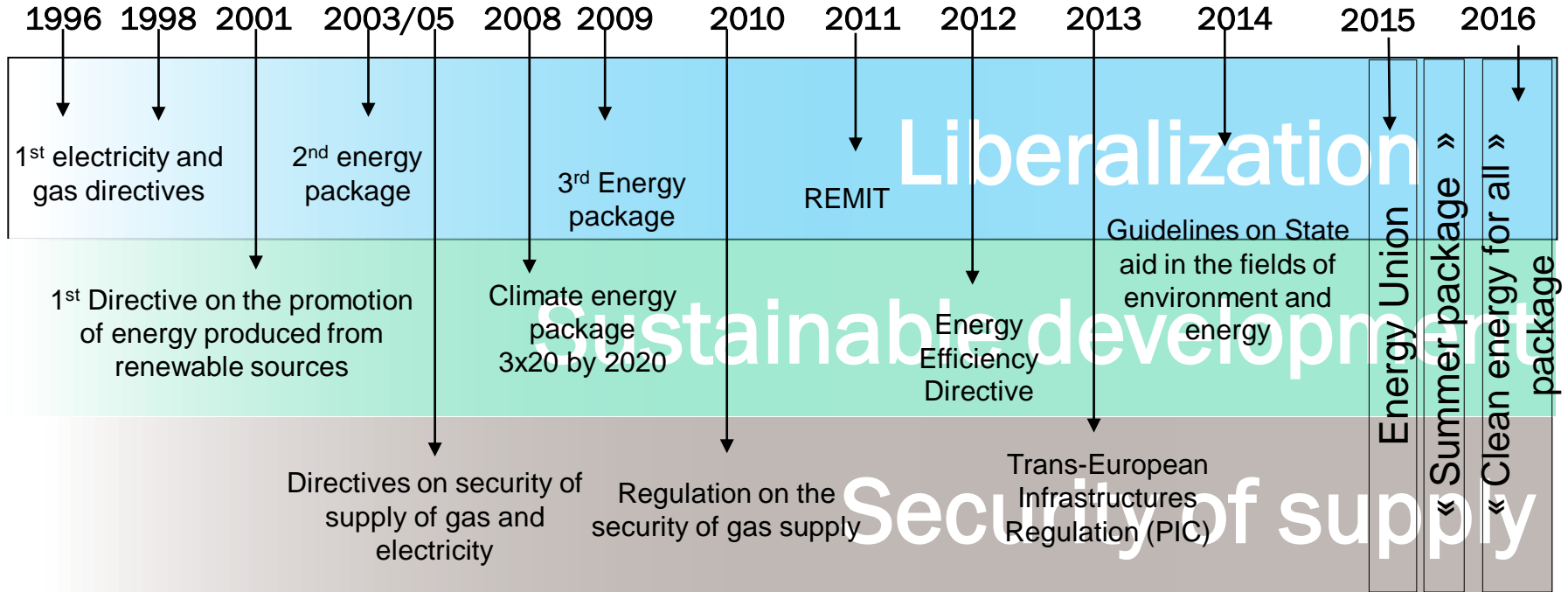




2. CRE organization and missions

2.1 Context of CRE's creation

A GRADUAL EVOLUTION OF THE INTERNAL ENERGY MARKET IN EUROPE



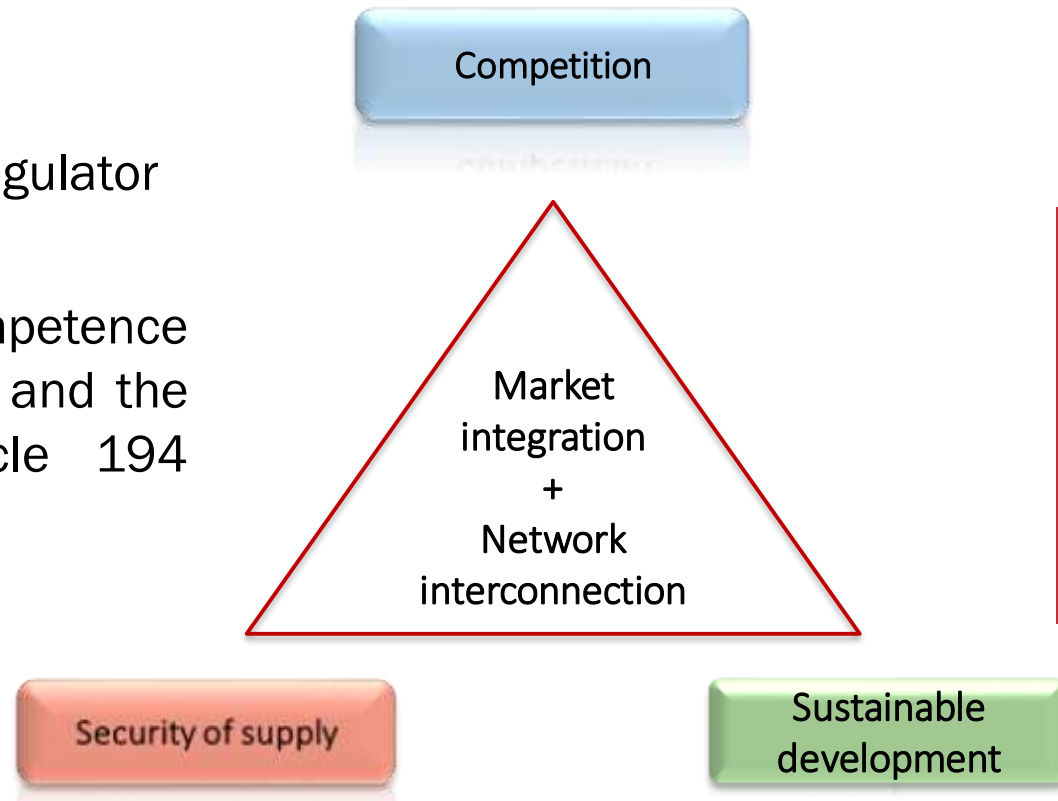
2020: - 20% of greenhouse gas emissions, share of renewables in energy consumption of 20%, reduction of energy consumption by 20%

2030: - 40% of greenhouse gas emissions, share of renewables in energy consumption of 27%, reduction of energy consumption by 27%



REGULATION AS A TOOL FOR BUILDING THE INTERNAL MARKET

- The key role of the national regulator
- Energy is a shared competence between the Member States and the European institutions (Article 194 TFEU)





20.9 million euros

The funding necessary for the functioning of the CRE is proposed by the commission to the Minister of Finance for inclusion in the Finance Act. Any allocations are entered in the general state budget. The CRE is subject to review by the Court of Auditors.

A EUROPEAN IMPULSE FOR A NATIONAL REGULATION

- CRE: an independent administrative authority (AAI) responsible for the regulation of the energy sector in France ...
- ... created by the law of 10 February 2000 on the modernization and development of the public electricity service; competence of gas regulation in 2003
- ... and organized around two independent bodies (Article L.132-1 of the Energy Code):
 - Board
 - Standing committee for dispute settlement and sanctions (CoRDIS)

TWO INDEPENDENT BODIES

Members of Board



Jean François CARENCO
President
(President of the French Republic)

CorDis
(Dispute Resolution and Sanctions
Committee, 4 members)
Sets the differences between the users
and the TSOs /DSOs



Christine CHAUVET
(President of the Senate)



Catherine EDWIGE
(President of the
French Republic)



Jean-Laurent LASTELLE
(President of National
Assembly)



Jean-Pierre SOTURA
(President of the French
Republic)

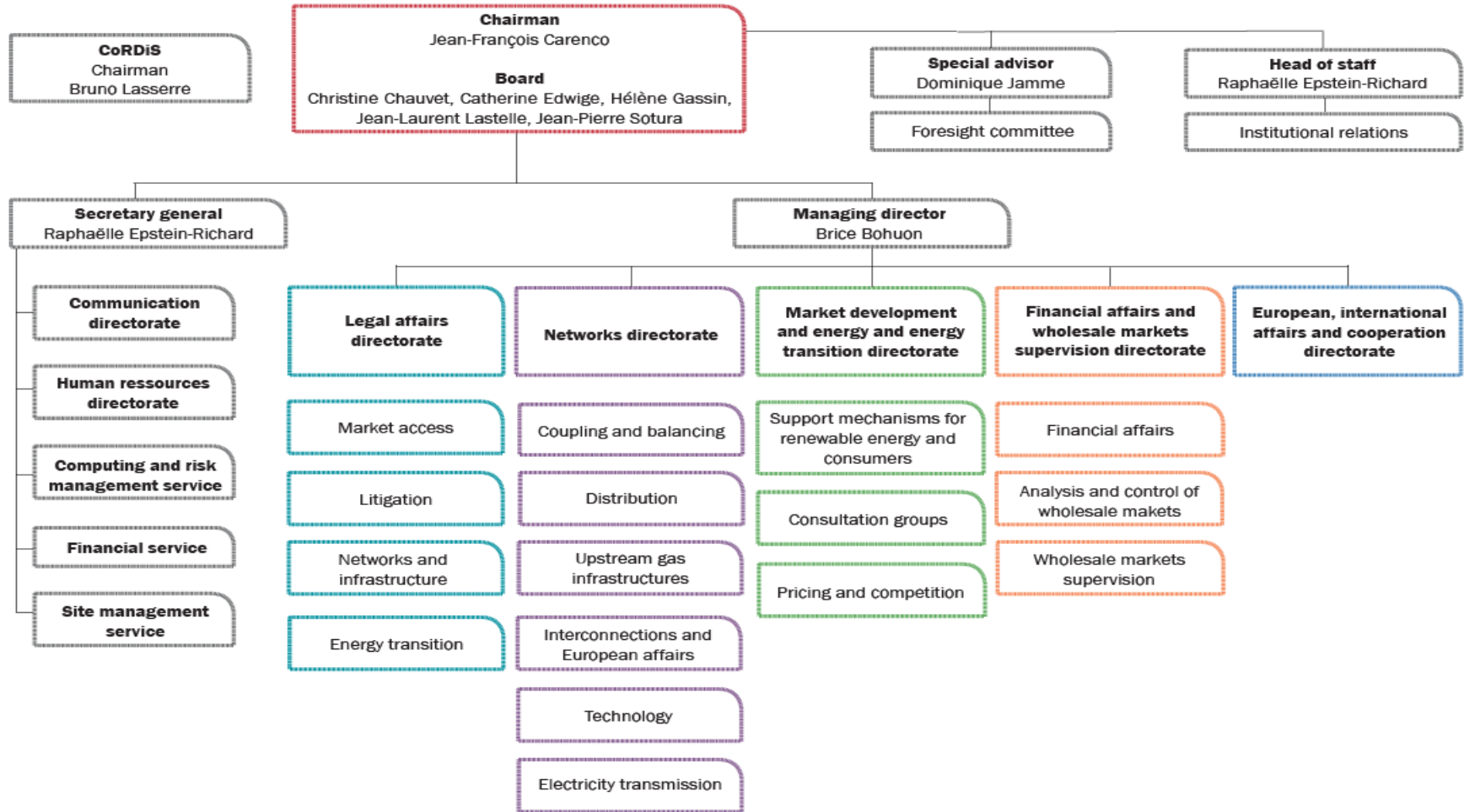


Hélène GASSIN
(President of the French
Republic)



ORGANIZATION OF CRE SERVICES

144 officers,
(without commissioners)
comprising 65 women and
79 men (as at 31
December 2017)





2. Presentation of CRE

2.2 The missions of CRE

TWO MAIN AXES:

The Energy Regulatory Commission contributes to the smooth functioning of the electricity and natural gas markets for the benefit of end consumers and in line with the objectives of the energy policy (Articles L.131-1, L.100-1 and L.100-2 of the Energy Code).

CRE's missions can therefore be divided into two areas:

- **1. A network regulation mission**, aimed at combining the needs of the French market and the construction of the internal market.
- **2. A market regulation mission**, to allow the development of competition for the benefit of the consumer

1. A NETWORK REGULATION MISSION:

GUARANTEE THE RIGHT OF TRANSPARENT AND NON-DISCRIMINATORY ACCESS

CRE:

- **Sets the rates for the use of public networks and ancillary services** carried out on an exclusive basis taking into account, where appropriate, energy policy guidelines indicated by the Ministers responsible for the economy and energy
- **Sets the level of the tariff term natural gas storage compensation (ATS)** integrated in the tariffs for the use of public networks (ATRT6), for which CRE fixes: the revenue allowed for storage operators; the methods of recovery of this income (ATRT-integrated bidding + compensation)
- **Transmits to ministers responsible for energy and the economy its deliberations on these tariffs.**

1 . A NETWORK REGULATION MISSION: **CRE GUARANTEES THE INDEPENDENCE OF TRANSMISSION SYSTEM OPERATORS**

- 2 unbundling models for France (directives 2009/72 and 2009/73): "ITO" model & "OU" model
- CRE has to certify the French TSOs and to verify that the TSOs comply with all the obligations imposed on them.

Main points of attention of the CRE:

- organization and governance rules of the TSOs (supervision of the supervisory body's powers and independence of persons)
 - the operating autonomy of TSOs (analysis and approval of commercial and financial agreements and service provision between EVI and TSO)
 - the autonomy of means of the TSOs (human, technical, material and financial resources, identity and own communication).
-
- CRE must also monitor the certification



1. A NETWORK REGULATION MISSION: **CRE ENSURES THE DEVELOPMENT OF NETWORKS AND INFRASTRUCTURES**

- Review of the ten-year investment plan of the TSOs
- Approval of the annual investment program of TSOs and operators of gas storage infrastructures (except LNG terminals)
- Focus on investments in new major infrastructure

2. MARKET REGULATION: ELECTRICITY AND GAS MARKET MONITORING

- **CRE monitors, for electricity and natural gas:**
 - ✓ transactions between suppliers, traders and producers and those carried out on organized markets and border exchanges;
 - ✓ REMIT

- **CRE monitors the transactions made by suppliers, traders and producers of electricity and gas on greenhouse gas emission quotas.**
 - ✓ CRE carries out this monitoring on the CO2 market in cooperation with the Financial Market Authority

- **CRE can formulate opinions and propose any measure favoring the smooth functioning and the transparency, particularly in terms of prices, of the retail market.**
 - ✓ To do this CRE can collect all the necessary information (Article L.134-18 of the Energy Code)

2. MARKET REGULATION:

CRE ENSURES THE PROPER FUNCTIONING OF RETAIL MARKETS IN SETTING RATES

- CRE sets regulated sales tariffs and tariffs for people in precarious situations

Public service charges for energy



Incremental costs due to RE and cogeneration support schemes:

- Incremental costs for the obligated buyers related to the purchase contracts (obligation of purchase and calls for tenders) in electricity & gas (injected biomethane);
- Additional costs for EDF related to the payment of the additional remuneration (open office and tenders);
- Payment of the transitional premium to capacity for cogeneration



The additional production costs in ZNI due to tariff equalization:

- Additional costs for EDF SEI in Corsica, the French overseas departments, in Saint Pierre and Miquelon and in the Breton islands
- Additional costs for EDM in Mayotte



Costs due to social devices:

- Tariff of first necessity (fixed reduction on the bill and on certain services in electricity) and special rate of solidarity (lump sum reduction on the invoice in gas)
- Energy check
- Payments from suppliers to housing solidarity funds



Support to demand side response



2. MARKET REGULATION

- **Access to historical nuclear electricity (ARENH):**
 - ✓ CRE proposes to the Minister in charge of energy the conditions under which the sale of ARENH is made and the stipulations of the related framework agreement
 - ✓ CRE calculates the amount of historical nuclear electricity transferred to each supplier infra-annually
 - ✓ CRE organizes and controls the exchange of information relating to the ARENH, in particular by the TSO, so that EDF can not have access to individual positions

- **The capacity mechanism:** to involve suppliers in security of supply, especially during peak periods.
 - ✓ Each electricity supplier is required to have a certain amount of capacity guarantees depending on the electricity consumption of its customers. It can acquire these guarantees certified by RTE, from operators of production capacity or erasure, who commit to the availability of their resources during peak periods.
 - ✓ Became effective on 1 January 2017 after incorporating the amendments submitted to the European Commission into new rules.

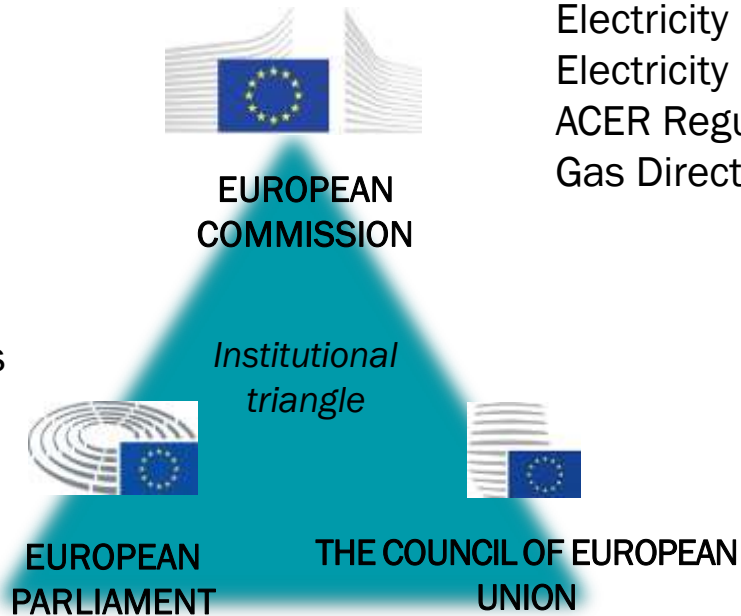
- **Demand side response**



3. CRE in the European energy policy landscape

CRE ENVIRONMENT - THE EUROPEAN ENVIRONMENT : NEGOTIATIONS FOLLOW-UP

- CRE has regular contacts with the European Commission (DG ENER, DG COMP, etc.):
Exchanges on the functioning of the French market according to current events
Infringement procedures
Possible requests for information
Contacts with the Commission's PR in Paris



Texts under negotiation:
Electricity Directive
Electricity Regulation
ACER Regulation
Gas Directive

- CRE has contacts with members of the ITRE Committee (Industry, Transport, Research and Energy) of the European Parliament
- Follows the activities of the Council of the Union (Transport, Telecommunications, Energy Council)
Participation in the coordination of national positions, in France, via the SGAE (General Secretariat of European Affairs)
Contacts with PR to the Union

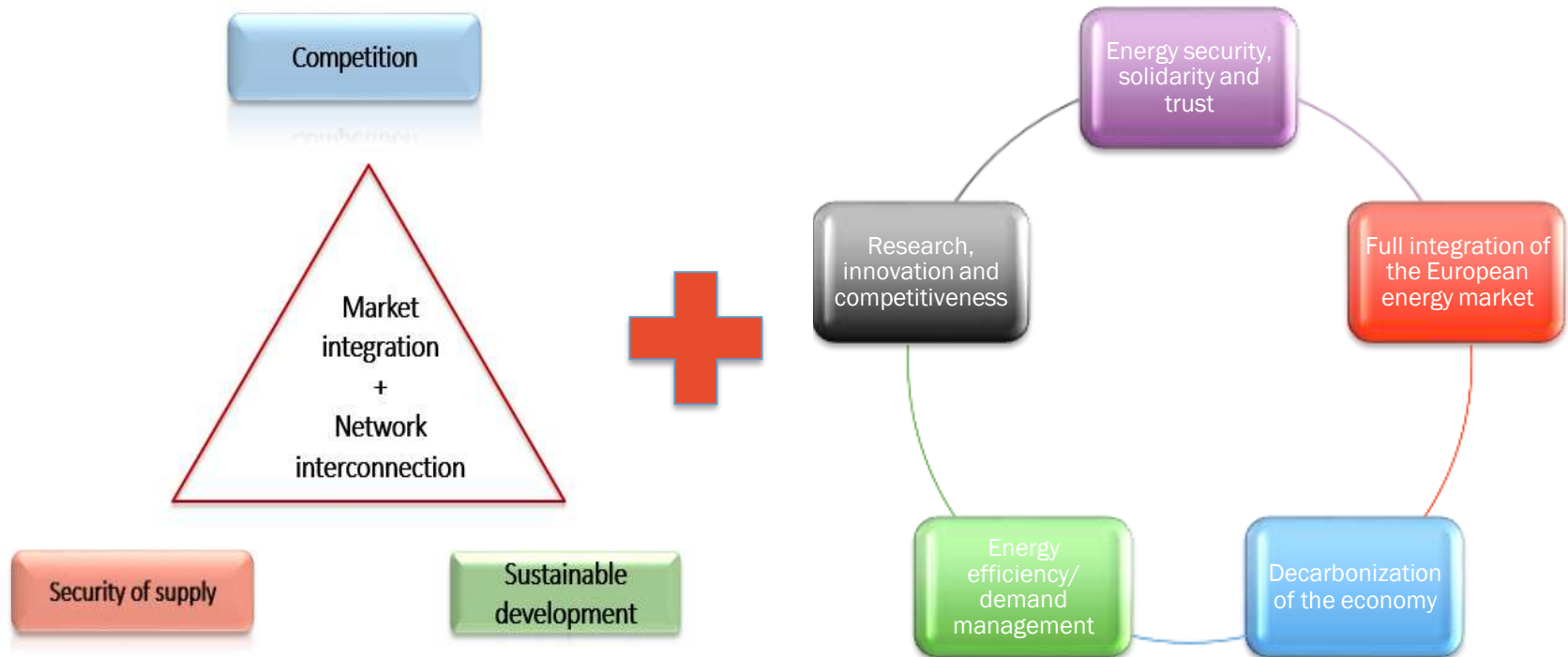
CRE ENVIRONMENT / THE EUROPEAN ENVIRONMENT

EUROPEAN BILATERAL COOPERATION

- Cross-border coordination: an imperative
Approval of interconnection access rules
Decisions granting derogations
Cross-border infrastructure cost allocation decisions
- High level exchanges: establishment of privileged bilateral links and reinforcement of mutual understanding with our closest counterparts (Germany, Belgium, Spain, United Kingdom)
- Other activities: ad hoc requests for information, intervention, etc.



THE ENERGY UNION : DEEPENING THE INTERNAL MARKET





THE COOPERATION OF EUROPEAN REGULATORS WITHIN THE CEER AND THE ACER

	CEER	ACER
Creation date	March 2000 (by 11 European regulators)	March 2011
Type and HQ	Non-profit association, based in Brussels	Community body, based in Ljubljana
President/Director	Garrett Blaney	Alberto Pototschnig
Members	Regulators from 27 Member States of the European Union plus Norway and Iceland Observers (since 2012): Swiss regulators, Former Yugoslav Republic of Macedonia, Montenegro and Kosovo, Bosnia and Herzegovina, Moldova	BoR: The regulators of the 28 Member States of the European Union give guidance to the Director in carrying out his tasks. The European Commission participates in the Board of Regulators without the right to vote
Budget and resources	About € 1M, financed by the subscriptions of its members and observers. Supported by a permanent secretariat consisting of 8 people	Approximately € 20 million, financed by the EU budget. 80 people around
Missions	Platform for cooperation, exchange of information and good practices between regulators. Any non-cross-border issues, in particular relating to distribution, international representation of regulators, consumers and retail markets	Helps regulators to exercise and coordinate their regulatory tasks at European level. Guidelines for the drafting by ENTSO of European network codes and monitoring compliance with their provisions Individual decision-making powers on cross-border issues (access and security conditions, exemptions) in case of disagreement between regulators

20 CRE
full time
officers



INTERNATIONAL RELATIONS AND COOPERATION



COLUMBIA LAW SCHOOL
Sabin Center for Climate Change Law



MedReg, RegulaE.fr



BILATERAL COOPERATION OUTSIDE THE EU

➤ CRE shares its regulatory expertise with third countries:

- Armenia



- Japan



- Morocco



- Burkina-Faso



- Etc.

- Senegal



- Côte d'Ivoire



- Mauritius



- Georgia



➤ Types of possible cooperation:

- Delegation visits to the CRE
- Short term missions
- Twinning



SOME CRE'S DELIBERATIONS

- Deliberation of 22 February 2018 - Rate of Utilization of Underground Natural Gas Storage Infrastructure
- Deliberation of 21 September 2017 Interconnection project France-Spain - Bay of Biscay. Cost sharing decision
- Deliberation of the CRE of May 3, 2018 relating to the draft decision on the pricing of self-consumption, and draft amendment to the deliberation of the CRE of November 17, 2016 deciding on the tariffs for the use of the public electricity networks in the HV and LV voltage fields



**THANK YOU FOR YOUR
ATTENTION !**