

Measures adopted and considered in response to the energy price crisis in France

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EVOLUTION OF GAZ AND ELECTRICITY PRICES IN FRANCE ON THE WHOLESALE MARKET

Gaz : French average monthly spot (day-ahead) gas prices (PEG)

	January	Feb	March	April	May	June	July	August	Sept	octobre	Nov	Dec
2020 (€/MWh)	11,02	9,10	8,42	6,47	4,54	5,06	4.87	7.50	10.73	13.76	13.69	16.16
2021 (€/MWh)	20,61	17,39	17,37	20,53	24,96	28,82	35.99	44.13	64,46	88,32	73,40	/
Difference 2021-2020	86,98%	91,01%	106,32%	217,57%	449,31%	469,90%	638.56%	488.35%	500,63%	542,01%	436,17%	/

Electricity : French average monthly spot (day-ahead) electricity price

	January	February	March	April	May	June	July	August	Sept	octobre	Nov	Dec
2020 (€/MWh)	38,01	26,25	23,83	13,45	14,86	25,79	33,41	36,75	47,20	37,89	40,11	48,42
2021 (€/MWh)	59,48	49,01	50,22	63,10	55,28	73,51	78,37	77,30	135,31	172,44	187,02	/
Difference 2021- 2020	56,50%	86,74%	110,70%	369,17%	271,93%	185,08%	134,55%	110,32%	186,69%	355,15%	366,25%	/

EUROPE'S POSITION ON TACKLING THE ENERGY CRISIS

The European Commission has issued, on October 13, 2021, a **Communication tackling rising energy prices: a toolbox for action and support**

The European Commission wants to help and support addressing the negative impact on households and businesses, as a priority.

A toolbox to help meet the challenges :

- Immediate measures to tackle consumers and businesses (price caps, tax breaks, vouchers for vulnerable consumers, subsidies...)
- Medium term measures : storage capacity and a resilient EU energy system etc.

Recommendations and assessment of the situation in the electricity market by ACER :

- the Commission will task the Agency for the Co-operation of Energy Regulators (ACER) to assess benefits and drawbacks of the current wholesale electricity market design and to propose recommendations to the Commission by April 2022.
- Meanwhile, the Commission has asked ACER to make a preliminary assessment of the situation in the electricity market on which it will report by mid- November (published on mid-November).

FRANCE'S POSITIONS ON TACKLING THE ENERGY CRISIS

While considering that the European internal electricity market must be safeguarded, France is pushing for a reflection so that Member States should be given room for manoeuvre to help them "electrify their economies at an affordable and predictable cost"

The considerations are on:

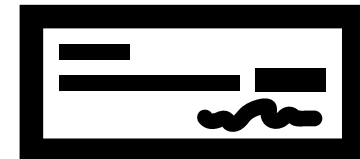
- **the link between wholesale and retail markets** : how to mitigate the impact on retail prices of the volatility of wholesale prices ?
- **the means to protect consumers** and **create incentives** for them to manage their consumption
- the creation of **long-term tools** for market participants

FRENCH ADOPTED MEASURES

➤ Energy vouchers for vulnerable consumers

The French government has announced an increase in the energy voucher for the most modest households. This measure concerns nearly 6 million households which already receive an average of 150 euros.

An additional 100 euros will be automatically paid to them.



FRENCH ANNOUNCED MEASURES WHICH HAVE TO BE IMPLEMENTED

1. Tariff Shield :

Consists in lowering taxes on energy (TICFE : internal tax on electricity consumption @ 22,5 € / MW.h for residential consumers & TICGN on gas – option) :

- Tax cut on electricity will benefit directly to the consumer;
- Tax cut on gas will benefit to the supplier as the tariffs are freezed

2. Freeze on regulated gas prices

- Increase in Engie's regulated sales tariffs for natural gas of more than 12.6% (including tax) in October.
- If no action, expected increase of more than 21% in November.
- The CRE has issued a favourable opinion on the freezing.
→no further increase from fall 2021 until summer 2022

The compensation for suppliers is set through : backlog clearing for one year, tax cut (see above) and direct compensations through the national budget

FRENCH ANNOUNCED MEASURES WHICH HAVE TO BE IMPLEMENTED

3. Limitation of the increase of electricity regulated tariffs

- Those tariffs are revised on an annual basis There was a risk for them to face an increase of nearly 14% in February 2022.
- The project of finance law for 2022 includes a measure for a tax cut, in order to limit the financial increase on consumers' bill to 4%.

4. **Measure for high energy consumers** : The companies that consume the most electricity in France will benefit from a compensation of 150 million euros from the carbon tax to offset the rise in prices. This compensation will come from the carbon tax paid by companies.

5. Reform the ARENH mechanism

CRE also supports a **reform of the mechanism that enables alternative suppliers to source base electricity under economic conditions equivalent to those of the French historical operator EDF. The government could decide to raise the amount of nuclear energy EDF** has to sell to those suppliers (from 100 TWh to 150 TWh), as CRE has been calling for several years. This increase should be combined with an increase in the price this energy is being sold, which has been set at €42/MWh since 2012.

CRE's ACTIONS

CRE is working hand in hand with national authorities to **prevent the negative effects** this crisis could have **on consumer' welfare**.

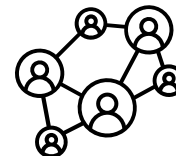


Increases its **vigilance** with regard to activities on the wholesale energy markets, by concentrating its human and technical resources on **monitoring transactions and the behaviour of players**.

CRE will **systematically investigate** in the event of **suspected market abuse**, which may lead to **financial sanctions** by CRE's Dispute Resolution and Sanctions Committee



CRE is **working** on a daily basis with **ACER and the European national regulators to reflect on possible evolutions in the energy markets**



**THANK YOU
FOR YOUR ATTENTION!**

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