



19 November 2009

CRE has released its initial findings following the price peak on the 19 October 2009

On Monday, 19 October the price of electricity on the French Spot Market reached 3,000€/MWh from 8 am - 12 pm. As part of its wholesale market monitoring mission, the CRE investigated the factors that caused this high price. It has released its initial findings.

CRE considered that the sudden tension on the fundamentals of production and forecasts of balance between supply and demand on the eve of the 19 October generated the peak price recorded the next day.

In the context of reduced availability of production facilities mainly due to scheduled or incidental outages of nuclear plants, this tension resulted from the combination of two factors:

- a revision of consumption estimates from Friday to Sunday for Monday, 19 October (+3,000 MW) and a peak consumption registered on 19 October;
- a revision of production facility availability estimate from Friday to Sunday for Monday, 19 October (-4,100 MW) mainly due to unplanned outages of nuclear plants and the advanced Grand-Maison hydro-power plant on Sunday morning. This last plant was returned to service late on the 18 October.

These significant differences from Friday to Sunday for Monday, 19 October between consumption and production availability estimates had a particularly high cumulative effect of over 7,000 MW. In the particular case of EDF Trading, this resulted in purchases on the market resulting from the application of its internal risk management criteria and reduced availability of capacity for sale on the French market on the morning of Sunday, 18 October.

As a result, the CRE has asked EDF to implement the necessary means to improve the reliability of production forecast data which is currently inadequate. It has also asked the UFE to improve forecast data transparency and in this regard recalled the importance of publishing unplanned outages per plant.

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Regarding the EPEX, market stakeholders have criticised the electricity exchange market for not launching a second bid that could have brought in additional offers to sell when the failure of these offerings had been observed. EPEX justified this to its members by its internal procedures in the specific operational context on the morning of the 18 October. The CRE considered that in hindsight it was difficult to assert that a second bid could have solved the imbalance observed between offers to buy and sell. The CRE noted that the new procedure implemented on the 23 October maintains the constraint of a deadline of 11:50 am to launch a second bid. The CRE recommended that the EPEX review, in conjunction with its members and its TLC partners any appropriate measures to introduce some flexibility into this constraint.

Founded on 24 March 2000, the French Energy Regulatory Commission (CRE) is an independent administrative body. CRE works to guarantee smooth and efficient operation of the electricity and natural gas markets for the benefit of the end-user. It also works to guarantee the absence of discriminatory practices, cross-subsidies or restrictions on competition.

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