



25 October 2010

CRE has released its third report on the operation of wholesale electricity and natural gas markets in 2009-2010

2009 was characterised by lower electricity and gas wholesale market prices as well as increased trading volumes.

Prices fell sharply on the gas market due to an abundant supply on world markets (unconventional gas production and significant liquefied natural gas volumes), against lower demand due to the economic recession. In this context, the market prices are disconnected from price references from long-term contracts indexed to petroleum products, as the CRE mentioned in its deliberations on the audit of GDF SUEZ's supply cost formula.

On the electricity spot market, price trends experienced tensions, particularly with regard to the price peak of 3000 E/MWh on the 19 October 2009 . A price peak of lesser amplitude was also observed on the 12 January 2010 which the CRE investigated and the conclusions of which are included in this report.

Moreover, the transparency of data on electricity generation capacity (plant availability) improved thanks to measures implemented by the French Union of Electricity (UFE) which should be enhanced by the end of the year with the publication of unplanned outages.

The CRE's mission of monitoring energy wholesale markets has been strengthened by its cooperation with the Financial Markets Authority (AMF) defined by the law on banking and finance regulation. Adopted by the National Assembly on 11 October 2010, this law extends the CRE's mission to analysing consistency between economic and technical factors explaining the energy markets and transactions on the CO2 market.

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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