

## Opening of the electricity and gas markets Figures as at 30 June 2012

### Retail Market

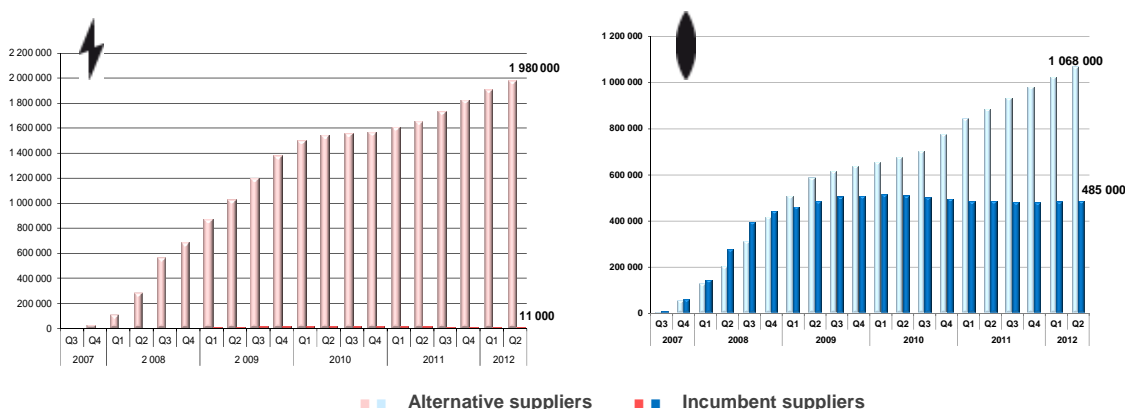
#### On the residential retail market

The opening of the electricity market has slowed down this quarter with only 70, 000 additional customers (thus 3,6%) with contracts at market price at the end of the second quarter of 2012 (+83, 000 at the end of the first quarter of 2012). It remains steady in the gas market: 47, 000 additional customers subscribed to a market-price contract (+3%) over the second quarter of 2012 (so as Q1 2012).

As at 30 June 2012, 1,991, 000 sites, out of a total 30.6 million, have electricity contracts based on market prices, 1,980, 000 of which are with an alternative supplier.

On the gas market, 1, 553, 000 sites, out of a total 10.6 million, have gas contracts based on market prices, 1, 068, 000 of which are with an alternative supplier.

Number of residential customers with market-price contracts



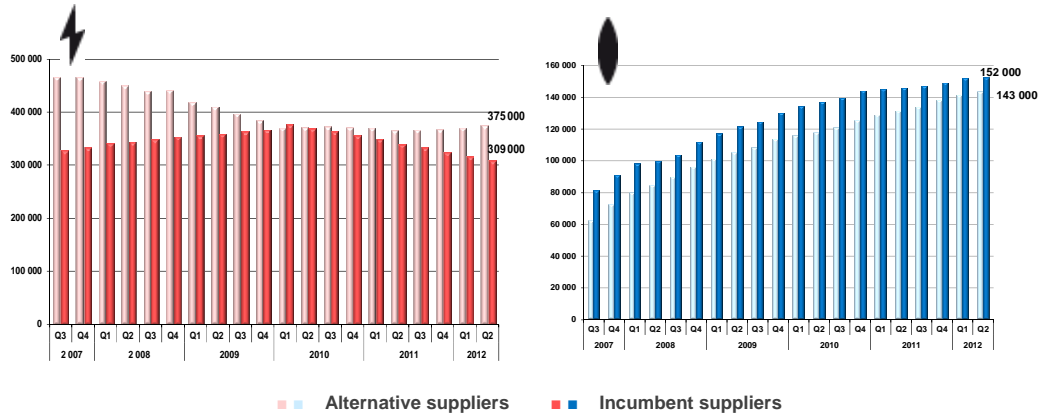
#### On the non-residential retail market

The number of customers with market-price electricity contracts has dropped 0,3% compared to the previous quarter. The opening of the gas market slows from Q1 2012 with 2, 400 additional customers with market-price contracts (representing a 1% gain) accrued over the second quarter of 2012 (+6, 100 during the first quarter of 2012).

As at 30 June 2012, 684,000 sites, out of a total 4.9 million, have electricity contracts based on market prices, 375, 000 sites of which are with an alternative supplier.

On the gas market, 295,000 sites, out of a total 672, 000 sites, have market-price contracts, 143, 000 of which are with an alternative supplier.

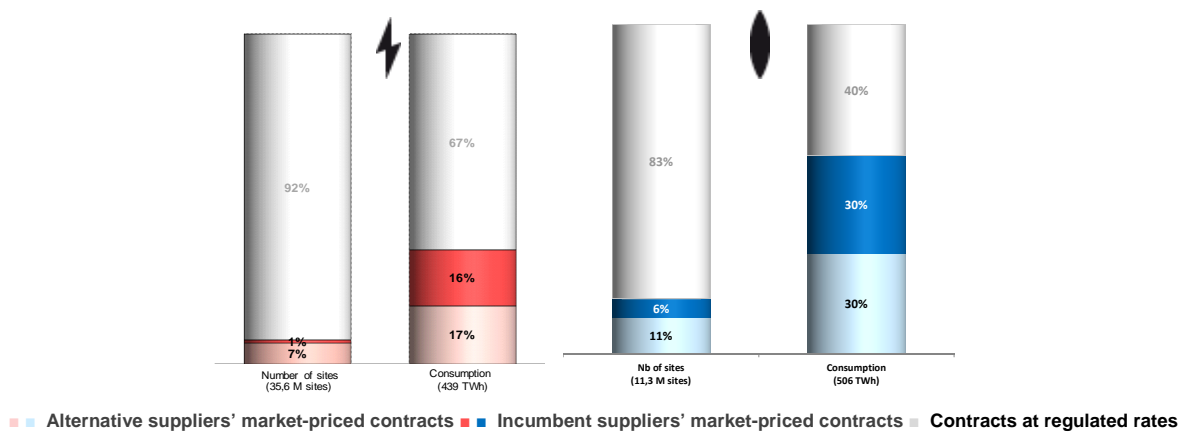
## Number of non-residential customers with market-price contracts



### Retail market conclusion

The electricity retail market continues to be dominated by regulated tariffs: as at 30 June 2012, 92% of all sites (representing 67% of consumption) had electricity contracts based on regulated tariffs. On the gas market, 60% of all gas consumed is furnished through market-price contracts to 17% of sites.

### Breakdown of sites per type of contract as at 30 June 2012



Over the second quarter of 2012, 9% of residential and non-residential consumers opted for an alternative electricity supplier and 30.5% opted for an alternative gas supplier when connecting their supply after moving house or premises.

All figures shown in this section were provided by network operators and energy suppliers and analyzed by the CRE.

## Wholesale Markets

On the spot market for electricity (day-ahead and within-day), traded volumes slightly decreased (-5%) in comparison to both the previous quarter and the second quarter of 2011. **Regarding the term contracts market, 82 TWh have been traded, representing a drop of over 40% compared to both the previous quarter and the second quarter of 2011.** This decline in volumes concerns all maturities (weekly to annual), while being more pronounced for Quarter and Year contracts. The decreasing volumes is mainly due to the drop of trading activity on the intermediated market (Brokers) which concentrates most of the trading activity on the term products, but the drop was more significant at the power exchange.

The day-ahead baseload prices on EPEX Spot established at € 41 /MWh, corresponding to a drop of 26% and 16% compared to the previous quarter and the second quarter of 2011, respectively. The spread between French and German prices declined sharply but French ones remained higher throughout the quarter. Calendar products prices followed a similar downward trend during the second quarter of 2012 in comparison to the previous one, in France (-3%) as well as in Germany (-5%), and established at € 50.4 /MWh and € 49.4 /MWh respectively. French market prices remained more expensive than German market ones.

**From a historically low level early April, hydro stocks level increased significantly over the 2<sup>nd</sup> quarter of 2012 to reach 80% at the end of the quarter (versus 66% at the same period last year). The average generation rate of nuclear power plant fell to 67.6% in the second quarter of 2012 versus 72.5% at the same period last year, because of a drop of the availability rate of nuclear power plants** thus passing from 74.5% in 2011 to 65.8% in the second quarter of 2012. Imports decreased by 30% compared to the previous quarter whilst they more than doubled regarding the second quarter of 2011. The exports net balance amounted to a volume of 11.5 TWh, which represents a 29% decrease in comparison to the same period last year.

**Regarding the French wholesale gas market, intermediated traded volumes declined sharply and established at 59 TWh,** representing a drop of about 40% compared to the previous quarter and the second quarter of 2012. **This drop of traded volumes was driven by both term contracts and spot contracts markets.** 36 TWh of term contracts were traded against 64 TWh in the previous quarter, whereas traded volumes on the spot market reached 22 TWh in the second quarter versus 38 TWh in the previous one. **This drop is in line with a falling demand.** The spot market share represented 38% of total volume traded, almost unchanged in comparison to the previous quarter.

*Day-ahead* prices at the PEG Nord slightly declined recording € 24.5/MWh. On the contrary, term contracts prices rose during the second quarter of 2012 in comparison to the previous one and to the same period last year.

**The major event over the course of the second quarter 2012 was the significant divergence between day-ahead prices on the PEG Nord and the PEG Sud. The spread of prices between the two PEG widened strongly since April, exceeding the € 6/MWh<sup>1</sup> threshold. CRE opened an investigation into natural gas prices in the south of France<sup>2</sup>. During this investigation, the CRE will analyse all the individual transactions on the wholesale market and the availability and usage of gas infrastructure.**

CRE also published in its deliberation of the 26<sup>th</sup> of June, 2012, the results of the investigation on gas price spikes during the cold snap of February 2012. CRE considers that the tension between supply and demand explained the occurrence of high prices on all over European spot markets, but a better usage of cross boarder interconnection capacities, if possible, could have helped reduce the price differences seen between the French market and neighboring countries. An investigation into the individual actions of certain market participants has not shown any unjustified behaviour, in light of their economic and technical constraints.

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<sup>1</sup> Price index End-Of-Day of Powernext

<sup>2</sup> Press Release published on 07/27/2012: : <http://www.cre.fr/documents/presse/communiques-de-presse/la-cre-ouvre-une-enquete-sur-les-prix-de-marche-du-gaz-au-sud-de-la-france/consulter-le-communique-de-presse>

## Definitions

Since the total market opening as of 1<sup>st</sup> July 2007, consumers can choose from two different types of contracts:

- *Contracts at regulated end-user price: regulated tariffs offered only by incumbent suppliers, and in electricity, the TaRTAM offered by all the suppliers. TaRTAM tariff subscription is based on several conditions.*
- *Contracts at market price are offered by both, incumbent and alternative suppliers, that fix freely their prices.*

The market is divided into two categories of segments:

- *Residential sites, which are the households.*
- *Non residential sites, which regroup all the other consumers: professionals, large industrial sites, administrations, etc.*

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