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PRESS RELEASE

**Launch of the coordinated management mechanism
for the French-Spanish electricity interconnection
on June 1st, 2006**

The Commission de régulation de l'énergie (CRE) in France and the Ministry of Tourism, Trade and Industry in Spain have jointly decided to apply new rules governing allocation of interconnection capacity between France and Spain.

These new rules, which were submitted by the two transmission system operators¹ on April 26th, 2006, are in compliance with the first step of the joint French-Spanish position published on January 28th, 2005². Then, this first step should be completed by the implementation of a day-ahead market coupling.

Explicit coordinated auctions will enable annual, monthly, daily and intra-day capacities to be allocated under the terms provided for by the European regulation of June 26th, 2003.

At first, the TSOs will propose two intra-day auctions. However, in order to provide the additional flexibility requested by market players, they are committed to implementing six intra-day auctions by November 15th, 2006 at the latest.

These new rules will enable the terms for allocating interconnections capacities between France and Spain to move closer to those governing other interconnection between France and neighbouring countries, thus facilitating cross-border transactions between France and Spain.

Set up on March 24th, 2000, CRE's remit is to monitor gas and electricity market operations on a regular basis and ensure the absence of any discrimination, cross-subsidy and hindrance to competition.

**Press contact : Christophe FEUILLET – Tel. +33 1 44 50 41 77 - +33 6 22 26 43 10 –
Fax. +33 1 44 50 42 75 – christophe.feUILLET@cre.fr**

¹ Réseau de transport d'électricité (RTE) and Red Electrica de Espania (REE).

² www.cre.fr : <http://www.cre.fr/imgAdmin/1106931200640.pdf>