

May 22, 2007

**PRESS RELEASE**

**CRE publishes its first annual report on electricity  
interconnection management and use**

CRE has recently published its first annual report on electricity interconnection management and use<sup>1</sup>. The report stresses the positive impact of the changes in cross-border congestion management mechanisms introduced on 1 January 2006. Improvements in cross-border electricity trade are a prerequisite for the creation of the internal electricity market.

In 2005, CRE made decisions which have radically changed the organisational framework for electricity exchanges at the borders: capacity auctions were introduced on all French interconnections with other Member States and priority access which was granted to incumbents on the basis of long-term contracts was abolished.

The positive effect of these measures on the use of interconnections is real. In 2006, the auction revenue (331 Million Euro net for France) allowed a reduction of the charges to be covered by the grid utilisation tariff. Additionally, the use of interconnection capacities was also more efficient, i.e. more consistent with the price differentials between the interconnected markets. The electricity flows were thus

---

<sup>1</sup>The report is available in French and English at [www.cre.fr](http://www.cre.fr)

more systematically oriented towards the highest-priced areas. Finally, the introduction of the new mechanisms has improved competition at the borders concerned, with, on average, 27 participants involved now versus 23 before.

However, the correlation between the direction of electricity flows and the price differentials is not yet satisfactory and the interconnections are often not exploited to their full capacity. Substantial improvements must thus be made in order to take full advantage of the different types of generation units in Europe. The Action Plan for interconnections between Belgium, France, Germany, Luxemburg and the Netherlands, which was published in February 2007 by the regulators, constitutes a further step in this direction.

CRE will produce a yearly report on the electricity interconnection management and use in order to provide more comprehensive information and better understanding of the subject for the stakeholders involved in cross-border trade.

*The French Energy Commission (CRE) was set up on March 24, 2000. CRE is an independent administrative authority. It participates in the establishment of well-functioning electricity and gas markets that benefit consumers. It ensures that no discrimination, cross-subsidies or other obstacles to competition can take place.*

**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](mailto:christophe.feuillet@cre.fr)**