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## **CRE recalled that the gas pricing calculation formula does correctly reflect GDF SUEZ's supply costs**

The formula for calculating gas prices currently used reflects supply conditions as defined in long-term import contracts. It is therefore consistent with the provisions of the Public Service Contract concluded between the Government and GDF SUEZ.

The Regulatory Commission of Energy (CRE) conducted thorough audits on the formula proposed by GDF SUEZ. In its decision of 2 December 2010, it considered that the formula accurately estimated GDF SUEZ's supply costs.

The current version of the formula incorporates partial indexation of wholesale prices corresponding to the 9.5% indexation provided for in long-term import contracts. This formula therefore accurately reflects the reality of GDF SUEZ's gas supply conditions.

The CRE noted that the prices of petroleum products and gas wholesale markets have significantly increased recently. Between September 2010 and January 2011, the Euro price of Brent increased by 21%, Day-ahead gas at the North TTP by 20%, and long-term gas by 15% (quarterly, North TTP and TTF). These movements will almost certainly affect GDF SUEZ's supply costs.

As indicated in the deliberation mentioned above, the CRE will regularly check the pertinence of the formula and its compliance with costs actually recorded.

*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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