

Opening of the electricity and gas markets Figures as at 31 March 2012

Retail Market

On the residential retail market,

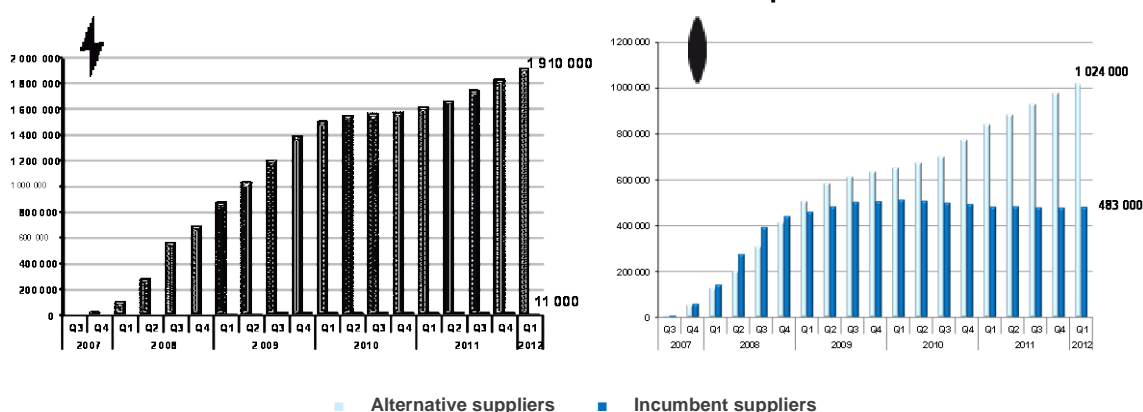
The opening of the electricity market has slowed down a little with 83, 000 additional customers (thus +4%) with contracts at market price at the end of the first quarter of 2012 (+87, 000 at the end of the fourth quarter of 2011).

In the gas market, competition is increasing steadily. 47, 000 additional customers subscribed to a market-price contract (+3 %) over the first quarter of 2012 (up from 48, 000 over Q4 2011).

As at 31 March 2012, 1,921, 000 sites, out of a total 30.6 million, have electricity contracts based on market prices, 1, 910, 000 of which are with an alternative supplier.

On the gas market, 1, 507, 000 sites, out of a total 10.6 million, have gas contracts based on market prices, 1, 024, 000 of which are with an alternative supplier.

Number of residential customers with market-price contracts



On the non-residential retail market,

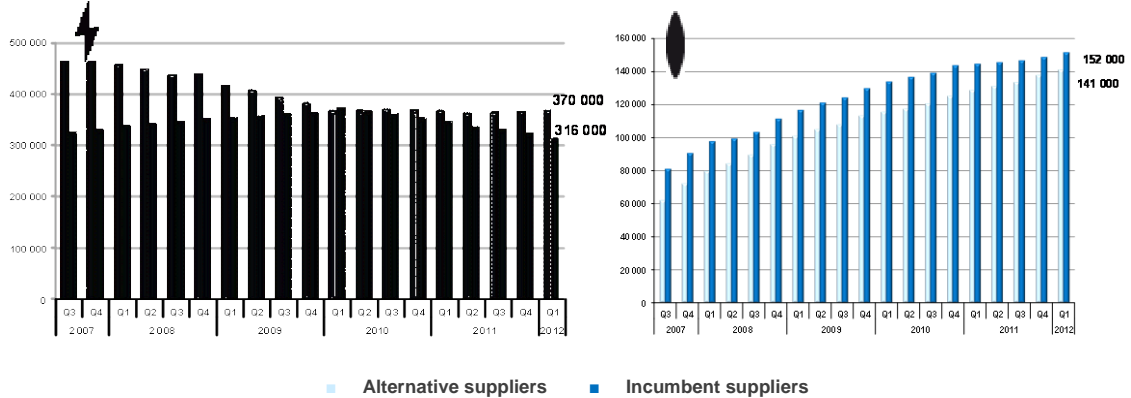
The number of customers with market-price electricity contracts has dropped 1% compared to the previous quarter.

The opening of the gas market remains also steady from Q4 2011 with 6, 100 additional customers with market-price contracts (representing a 2% gain) accrued over the first quarter of 2012 (+6, 400 during the fourth quarter of 2011).

As at 31 March 2012, 686,000 sites, out of a total 4.9 million, have electricity contracts based on market prices, of which 370, 000 sites are with an alternative supplier.

On the gas market, 293,000 sites, out of a total 676, 000 sites, have market-price contracts, 141, 000 of which are with an alternative supplier.

Number of non-residential customers with market-price contracts

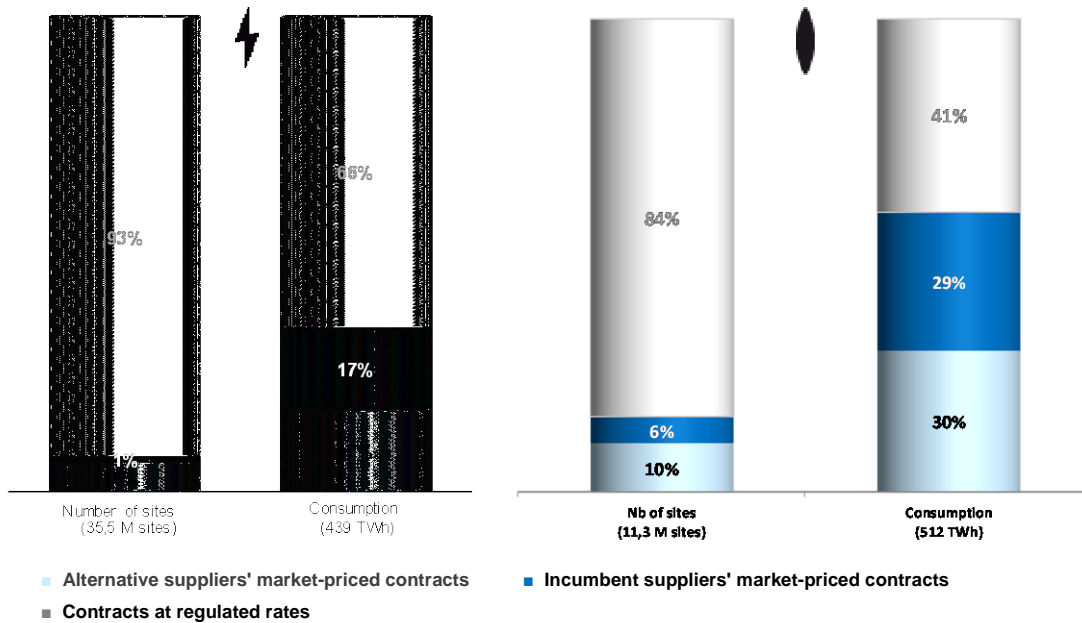


Retail market conclusion

The electricity retail market continues to be dominated by regulated tariffs: as at 31 March 2012, 93% of all sites (representing 66% of consumption) had electricity contracts based on regulated tariffs.

On the gas market, 16% of all sites had gas contract based on market-priced representing 59% of the consumption.

Breakdown of sites per type of contract as at 31 December 2010



Over the first quarter of 2012, 9% of residential and non-residential consumers opted for an alternative electricity supplier and 32% 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

At the beginning of February 2012, price spikes occurred at the same time on the wholesale markets for electricity and gas, when severe cold weather affected the whole of Europe. As part of its mission of wholesale markets surveillance, CRE systematically analyses price spikes. For electricity, CRE stated in particular in its communication¹ dated May 10, 2012 that **the tension between supply and demand explained the occurrence of high prices**. The operational sequence of the relevant day-ahead auctions has been analysed and specific recommendations have been made in this communication. The analysis of the gas price spikes may also, where appropriate, be subject to specific communication.

Regarding electricity, the volumes traded on the spot markets in general and day-ahead especially, remained steady. **144 TWh of term contracts were traded, corresponding to a 13% increase compared to previous quarter and a 17% decrease compared to the 1st quarter of 2011**. This can be explained by a decline in traded volumes on annual and quarterly products, which was not offset by the observed increase in volumes on monthly products.

The day-ahead baseload average price on EPEX Spot established itself at € 56 /MWh during the 1st quarter of 2012, a 10% increase and a 5% increase compared to previous quarter and 1st quarter 2011, respectively. Yearly (Y+1) future average price decreased by 2% in France and 4% in Germany, respectively establishing at € 51.9 /MWh and € 52.2 /MWh. Following the price spike on the spot market in February 2012, French Y+1 baseload prices turned higher than German prices. This inversion of spread can be explained by changes in market expectations, assigning a higher risk premium to the French market.

The hydro stocks level at end of the 1st quarter of 2012 was slightly below the level recorded late March 2011 (-3%). Indeed, starting from a historically high level early January, **the hydro stocks fell sharply during the cold period that hit the whole of Europe early February. Imports rose** by 40% in comparison to the previous quarter and by 25% in comparison to Q1 2011, **in line with the very high consumption during the cold wave**.

Regarding the French wholesale gas market, **intermediated traded volumes**, which amounted to 103 TWh during the 1st quarter of 2012, **declined** by 2% and by 25% in comparison to the previous quarter and the 1st quarter of 2011, respectively. **This decrease was driven by the term contracts market, especially by long term products** (quarterly, annual and seasonal) and was due, **for a significant part, to the change of behaviour of one actor** which had intervened on large volumes in the 1st quarter of 2011². The volumes traded on the spot market, which amounted to 38 TWh have however increased versus the previous quarter (15%) and versus the 1st quarter of 2011 (23%). The **spot market share has strongly increased, now representing 37% of total volume traded**.

Day-ahead prices at the PEG Nord increased by more than 7% compared to the previous quarter (€ 25.3 /MWh versus € 23.5 €/MWh), largely because of high prices early February during the cold wave, which was coupled with reductions in Russian gas supplies in several European countries. Significant price spreads between PEG Nord and neighboring hubs were observed during this period. Prices of term contracts all increased in comparison with the 1st quarter of 2011.

¹ <http://www.cre.fr/documents/deliberations/communication/pics-de-prix-de-l-electricite-des-9-et-10-fevrier-2012/pics-de-prix-de-l-electricite-des-9-et-10-fevrier-2012>

² <http://www.cre.fr/en/markets/electricity-and-gas-market-observatory>

Definitions

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

- *Contracts at regulated end-user price: regulated tariffs offered only by incumbent suppliers.*
- *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.*

Press contact: Anne MONTEIL
Tel: 01.44.50.41.77