



PRESS RELEASE

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CRE reacts to the first penalty imposed by the Dispute Settlement and Sanctions Committee (*CoRDIS*) regarding wholesale energy markets surveillance.

Following an investigation opened in 2014 by CRE in the framework of its monitoring powers of wholesale markets, its President filed a sanction request with the *CoRDIS*. The *CoRDIS* has fined VITOL S.A. for having engaged in market manipulation on the French Southern virtual Gas Trading Point (« PEG Sud ») between June, 1st 2013 and March, 31st 2014. This is the first decision taken by the *CoRDIS* imposing a penalty regarding wholesale energy market monitoring. CRE welcomes this decision that shows a real monitoring on the good functioning of the markets.

The President of CRE filed a sanction request with the *CoRDIS* pursuant to Article L. 134-25 of the French Energy Code. This request was based on the findings of an investigation opened in April 2014, which found VITOL S.A.'s behaviour to be likely to breach rules laid down in the European Regulation of 25 October 2011 on wholesale energy market integrity and transparency (REMIT Regulation). The decision of *CoRDIS* found that VITOL S.A.'s *modus operandi* was likely to give the market misleading signals as to the supply and demand on the PEG Sud. As a result, it fines VITOL S.A. € 5 million.

Wholesale markets monitoring plays a key role in ensuring confidence in market prices. It is carried out at European as well as at national level thanks to close cooperation between the Agency for the cooperation of energy regulators (ACER) and national regulators; this is one of CRE's most important missions.

The purpose of wholesale electricity and gas markets is to organise efficiently and transparently the matching of supply and demand. The resulting prices must reflect the scarcity or otherwise the abundance of energy, to the exclusion of any manipulation of any kind whatsoever. The companies participating in these markets are therefore subject to strict behaviour and transparency requirements, pursuant to the REMIT Regulation.

To date, 6 investigations are ongoing, 4 relating to the wholesale electricity market and 2 to the natural gas market.

Reminder of the steps of the procedure:

- April 2014: CRE opens an investigation to determine if VITOL S.A.'s *modus operandi* can be explained in a coherent way taking into account its technical and economic constraints
- December 2016: the President of CRE files a sanction request with the *CoRDIS*
- October 2018: the *CoRDIS* imposes a penalty on VITOL S.A.

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CRE, the French Energy Regulatory Commission, was created on 24 March 2000. Its role is to ensure that the electricity and gas markets in France function smoothly, for the benefit of end consumers and in line with energy policy objectives.

The Dispute Settlement and Sanctions Committee, known by its French acronym "CoRDIS" (Comité de règlement des différends et des sanctions), comprises four members, including two members of the Conseil d'Etat (French Council of State), and two judges from the Cour de cassation (France's Supreme Court). They are tasked with settling disputes concerning access to and

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use of the public electricity and gas networks between operators and users, and also with penalising infringements of the Energy Code.