The French Energy Regulatory Commission (Commission de régulation de l'énergie – CRE) and the Autorité de la concurrence publish their letter to the French government containing proposals to ensure fair competition in the implementation of the electricity market reform

Published on January 16, 2024

The two independent authorities welcome the French government's objective of creating an efficient French electricity market that protects consumers in the event of a sharp rise in wholesale prices. They want to ensure that the conditions of the electricity market reform create a level playing field between EDF and its competitors from the outset, in order to maximise the impact for consumers. On 20 December 2023, they sent a letter to the French government containing proposals to guarantee the proper functioning of the electricity market for companies and households. The draft law on energy sovereignty currently under consultation contains some of these proposals, although the supply conditions for EDF and its competitors, on the one hand, and the long-term allocation contracts for its nuclear production (CAPN), on the other, could raise competition risks depending on the implementation methods chosen.

The ARENH framework will end on 31 December 2025. The French government has announced the foundations of the forthcoming regulation of EDF's nuclear power plants from 1 January 2026. This agreement, which gives a greater role to the wholesale electricity market, provides for revenue from EDF's nuclear power

plants to be redistributed to consumers in the event of high prices on the wholesale market. This reform raises major issues for all players in the electricity market, especially consumers, both professional and residential.

The presence of an integrated player that holds a strong and sustainable position because it cannot be challenged by upstream competitors, but which is also present downstream, requires safeguards in terms of competition. The CRE and the *Autorité* therefore consider it necessary to put in place measures to guarantee a fair, efficient and dynamic electricity market from the outset, where competition law only allows for intervention *a posteriori*.

Firstly, the CRE should be able to approve the rules for identifying, within EDF's revenue, the financial flows that are allocated to nuclear production in particular, in order to enable the revenue taken into account for calculating the redistribution to consumers to be closely monitored.

The CRE should also be able to define the timing of EDF's publication of its nuclear power plant production estimates, in order to ensure that EDF's internal marketing entities do not hold non-public information on nuclear power plant production and revenue estimates.

Furthermore, the CRE should be able to introduce *ex ante* measures to promote liquidity in the wholesale electricity market, proportionately and after consulting the relevant players, in order to guarantee the development of a genuine long-term segment on this market and thus encourage supply offers lasting more than two years.

These proposals are included in the draft law on energy sovereignty currently under consultation, although further work is required regarding the supply conditions for EDF and its competitors and the long-term allocation contracts for its nuclear production (CAPN).

The *Autorité* and the CRE believe that the reform must not compromise the ability of suppliers competing with EDF to source electricity for their supply activities under economically equivalent conditions to EDF.

In addition, nuclear production contracts (CAPN) must be awarded under non-discriminatory conditions.

The methods used to implement this reform must minimise these risks.

CRE press contact: presse@cre.fr
Autorité press contact: presse@autoritedelaconcurrence.fr

- *As an independent administrative authority, the French Energy Regulation Commission (*Commission de régulation de l'énergie – *CRE) ensures that the electricity and natural gas markets function properly for the benefit of end consumers.*
- *As an independent administrative authority, the* Autorité de la concurrence *ensures the correct functioning of competition in the markets for the benefit of businesses and consumers.*

Letter to the French government (in French)
Electricity market reform

Contact(s)

Maxence Lepinoy
Chargé de communication, responsable des relations avec les médias
06 21 91 77 11
Contact us by e-mail

Nicola Crawford
Communications Officer
+33155040151
Contact us by e-mail