

# Regulated tariffs for electricity: the *Autorité* recommends preparing for their abolishment and pursuing their public policy objectives through other measures

Published on November 19, 2024

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Pursuant to Article L. 337-9 of the French Energy Code (*Code de l'énergie*), the *Autorité* has submitted an assessment report to the Ministers for Energy and the Economy on regulated tariffs for electricity (*tarifs réglementés de vente d'électricité* – TRV). In the report, the *Autorité* notes, as was the case in 2021, that although the retail electricity markets in France have been opened up to competition, 59% of individual consumers and 35% of small non-household consumers still use TRVs. Given the planned end to regulated access to historical nuclear energy on 31 December 2025, the *Autorité* recommends that the French government carry out a comprehensive review of how the electricity markets are organised in France, and prepare for the abolition of regulated tariffs.

TRVs have multiple objectives (e.g. social and regional cohesion, consumer protection) and are managed at two levels, economically by the French energy regulator (*Commission de régulation de l'énergie* – CRE) and politically by the French government, which has deviated on occasion in recent years from the proposals made by the former. Designed to smooth out the prices faced by consumers, TRVs offer reassurance to the latter by protecting them from short-term wholesale price fluctuations, and play, due to their popularity, a key role throughout the market for both individual and small non-household consumers.

However, TRVs constitute neither a low nor a fixed price, and have not prevented *ad hoc* intervention by public authorities in retail prices levels

(sometimes even prompting the intervention). Moreover, TRVs blur the price signals that should encourage consumers to reduce their energy consumption, and heavily affect competition, by limiting opportunities for suppliers and the diversity of the offers available to consumers.

For the above reasons, the *Autorité* recommends that practical preparations be made to abolish TRVs, without abandoning the public policy objectives intended to be met by the tariffs, but by introducing more targeted instruments for those objectives, such as designating a supplier of last resort. If TRVs are not abolished, the *Autorité* puts forward proposals to overhaul the tariffs, to foster more competition on the retail markets.

## **PRESS RELEASE OF 19 NOVEMBER 2024**

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