

The French energy regulatory framework


INOGATE seminar
10 October 2013

CRE in a nutshell

- Created in **2000** as an **independent administrative authority** for electricity market regulation, CRE is also competent for **gas market regulation since 2003**
- Based in Paris
- A Board of 6 Commissioners and a Standing committee for dispute settlement and sanctions (CoRDIS)
- 130 employees
- **Active membership in CEER, ACER and MedReg.**
Participation in ECRB activities.

Independence and impartiality

Working methods

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- **CRE members are not allowed to seek or take instructions from any governmental or other public or private entity**
 - Working methods placing **transparency and consultation** at the heart of the regulatory decision-making process
 - **Autonomy in the use of its annual budget – e.g. ex-post audits** realised by the French Court of Auditors
 - **Reporting to the Government and the Parliament (e.g. annual report, hearings)**

Independence and impartiality

Board of Commissioners

- **6 members** appointed for a **six-year, non-renewable and non-revocable term**
 - CRE's President appointed by Decree by the President of the French Republic
 - Other members appointed for their expertise of:
 - data protection (appointed by President of the National Assembly)
 - local public services (appointed by President of the Senate)
 - energy consumers' protection and fight against energy poverty (appointed by Presidential Decree)
 - renewable energy and demand-side measures (appointed by Presidential Decree)
 - non-interconnected areas (appointed by Presidential Decree)
 - Composition respecting parity

Independence and impartiality

Standing committee for dispute settlement and sanctions

- **4 members (and 4 alternates)** appointed for a **six-year, non-renewable** and non-revocable term:
 - 2 (2) State counsellors appointed by the Vice-President of the highest administrative court (Council of State)
 - 2 (2) members appointed by the President of the highest civil court (Cour de Cassation)
- The **mandate** of CRE's Board and CoRDIS' members is **incompatible with any elective mandate** and with any personal or pecuniar **interest in the energy sector**

Overall missions

- Ensuring a **fair access** to public electricity grids and natural gas networks and facilities, including setting transmission and distribution network tariffs and settlement of disputes
- Ensuring the transparent **operation and the development** of electricity grids and gas networks
- Guaranteeing that **markets operate as efficiently as possible** through monitoring of wholesale and retail markets
- Contributing to the **implementation of support mechanisms** of electricity generation and to the supply of electricity and gas
- Contribution to the achievement of the single energy market, including through active participation in **the Agency for the cooperation of European Energy Regulators (ACER)**

Supervision of the independence of network operators

- RTE certification as an “**Independent Transmission Operator**” in January 2012 shall ensure:
 - Independence in the **TSO’s organisation and governance** (e.g. approval of the list of persons responsible for the management of the TSO)
 - **Autonomy in TSO’s functioning** (e.g. approval of commercial and financial contracts and of the terms and conditions of the provision of services to/from the incumbent)
 - **Autonomy in TSO’s resources** (monitoring of human, technical and financial resources, corporate identity, communication, branding and premises)
- Control of the implementation of **compliance programmes** and of the **independence of system operators**

Supervision of the effective network operation and development

- **Control of the compliance of TSOs' ten-year network development plan** with the EU-wide ten year network development plan (i.e. coherence check with identified investment needs)
- **Approval of the TSO's annual investment plans**
- **Monitoring** of the implementation of TSOs' investment plans
- **Power to organise a tender or to require the TSO to realise investments**, where they have not been executed within 3 years
- **Settlement of disputes** related to access to / use of public electricity transmission and distribution grids

Wholesale market monitoring and promotion of competition

- **Monitoring** transactions carried out on **organised markets** and on the **carbon market** as well as **cross border exchanges and their compliance with economic and technical constraints**
- **Detection and prevention of trading based on inside information and market manipulation**
- Close **cooperation** with the French financial markets authority and with the competition authority, energy regulators from neighbouring countries and the Agency for the Cooperation of Energy regulators (ACER)
- **Extended investigation and enforcement powers**

Enforcement powers

- Extensive **right of access to information** held by market players which are necessary to fulfil CRE's missions. This includes the right to carry out on-site inspections
- Decisions on sanction are taken by CoRDIS. They include:
 - Requirement to cease any practice that is contrary to the law
 - Reporting to competent authorities, with the power to request to freeze or sequester assets or to impose a temporary prohibition of professional activity
 - Temporary ban (up to 1 year) on access to the system and facilities
 - Financial penalties up to 3%-8% of income (raised to 5-10% of income in the event of a renewed breach of rule)
- **Appeal against** CoRDIS ' decisions before the Civi Court of Appeal of Paris



Thank you for your attention!