



OPENING OF THE ELECTRICITY MARKET IN FRANCE

I France has transposed the European Directives and created a favourable framework for the development of competition.

- 2000 Creation of an independent regulator (CRE); managerial independence of the transmission system operator (RTE) with respect to EDF
- 2001 Setting up of virtual generation capacity auctions (VPP-6,000MW); creation of an electricity exchange in France
- 2004 Legal independence of RTE; managerial independence from the distribution system operator; transformation of EDF into a limited liability company (end of the speciality principle)

France is not one of the EU member countries that have been the subject of observations by the European Commission concerning their national transposition of the Electricity Directive.

II EDF's competitors control 20% of the electricity generated in France

Out of 545 TWh generated in 2004 in France, **110 TWh were controlled by players other than EDF:**

- **Auctions (VPP – 6,000 MW)** of EDF generation capacity facilitating the entry of players into the market (39%).
- Suez-CNR (15%), Endesa-SNET (8%), Suez-SHEM (2%),
- independent power generators, from which EDF must purchase output (22%) under prevailing regulations.

III The electricity wholesale market is showing strong growth

- Between January 2002 and December 2004, **the volumes traded on the French wholesale market** increased fourfold (today about 5% of the total market).
- Every month, the French electricity exchange sets new records for volumes processed, and shows a constant increase in the number of its members..

IV The market is truly open

- The opening took place in stages: 20% of the market in 1999, 30% in 2000, 37% in 2003, **68% in 2004, i.e. all companies and local authorities.**
- Since July 2004, with 295 TWh open to competition, the French market is **the 3rd leading European market in terms of volume open to competition**, behind Germany (which has not yet set up a regulator and where the market is dominated by four major players) and the United Kingdom.
- On the market open to competition, **the share of EDF's competitors** increased in volume from 5% in December 2000 to **21% in July 2004.**
- On 1 January 2005, the Energy Regulation Commission (CRE) listed 77,600 sites having exercised their eligibility and **23 active alternative suppliers.**