

20 February 2013

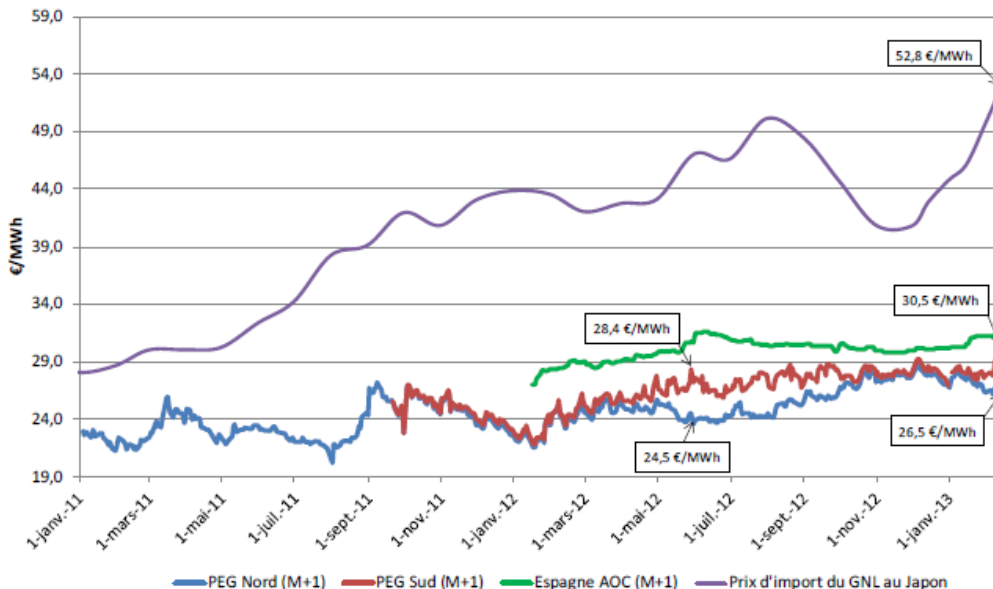
Differences in market prices of gas between the North and the South of France are growing

The difference in price between the North Title Transfer Point (TTP) and the South TTP on the French spot market has increased since the 9 February. Prices in the South have risen sharply exceeding 32€/MWh on several occasions whereas prices in the North have remained stable at about 27€/MWh.

In July 2012, the CRE conducted a survey on the conditions of market price formation in the south of France and noted a recent increase in this area. The initial analyses of this situation showed that, in the context of saturation of the link between the North and South, the South TTP price was subject to tensions on the LNG market and that gas prices were similar to those in Spain. Recent sharp price increases are therefore linked to very high Asian LNG prices (see graph). These particularly high Japanese prices are due to both the Fukushima accident that resulted in greater gas consumption and the current cold spell.

These increases are also the consequence of restriction on gas supply from Algeria, limiting its exports, and Nigeria where LNG deliveries have been cancelled.

Comparison of gas prices in France, Spain, and Japan since January 2011



Sources : Bloomberg, ICIS Heren ; Analyse : CRE

Beyond these contextual elements and in the broader context of its investigations, the CRE also examined individual stakeholder behaviour in terms of market intervention and the use of infrastructure.

Note:

The CRE has a wholesale electricity and natural gas market monitoring mission. It "monitors electricity and natural gas transactions carried out between suppliers, traders and producers, transactions carried out on the organised markets as well as cross-border trades. It monitors the consistency of the offers [...] made by producers, traders and suppliers [...] with their economic and technical constraints" (Article L. 131-2 of the Energy Code).

This task is now also in line with the Regulation on Energy Market Integrity and Transparency (REMIT). Entered into force on 28 December 2011, the REMIT prohibits market manipulation and insider trading on wholesale energy markets.

Founded on 24 March 2000, the French Energy Regulatory Commission (CRE) is an independent administrative body. CRE works to guarantee smooth and efficient operation of the electricity and natural gas markets for the benefit of the end-user. It also works to guarantee the absence of discriminatory practices, cross-subsidies or restrictions on competition.

Press contacts:

Anne MONTEIL : 01.44.50.41.77 - anne.monteil@cre.fr

Cécile CASADEI : 01.44.50.89.16 – cecile.casadei@cre.fr