

Paris, 1 September 2013

## Opening of the electricity and gas markets Figures as at 30 June 2013

### RETAIL MARKETS

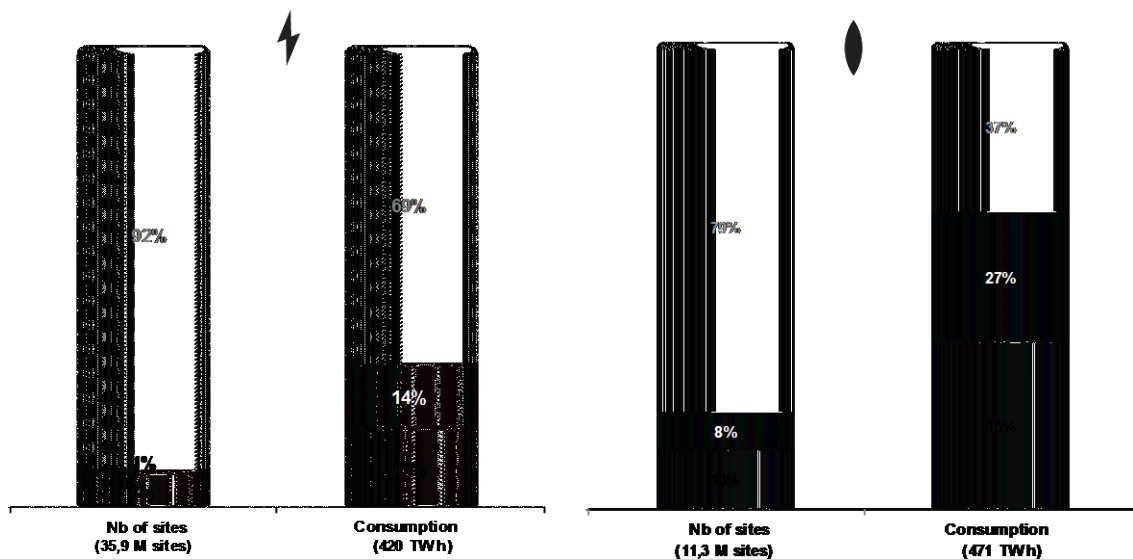
The electricity retail market continues to be dominated by regulated tariffs: as at 30 June 2013, 92% of all sites (representing 69% of consumption) had electricity contracts based on regulated tariffs.

On the gas market, 63% of all gas consumed is furnished through market-price contracts to 21% of sites.

On the electricity market, the cheapest market-price offer is 4% lower than the regulated tariff for an average client consuming 2 400 KWh in Base as well as for the one consuming 8500 KWh in Peak/OffPeak. For these same types of clients, the cheapest fixed price offer is on the same level as the regulated current selling price but offers price stability over time.

On the gas market, the cheapest market-priced contract (apart from fixed price contracts) is 5% lower as for a customer consuming 17,000kWh and living in Paris. Besides, for the same type of client, the cheapest fixed-price offer is about 100€ below the level of the regulated tariff.

Breakdown of sites per type of contract as at 30 June 2013



■ Alternative suppliers' market-priced contracts ■ Incumbent suppliers' market-priced contracts ■ Contracts at regulated rates

## Residential retail markets

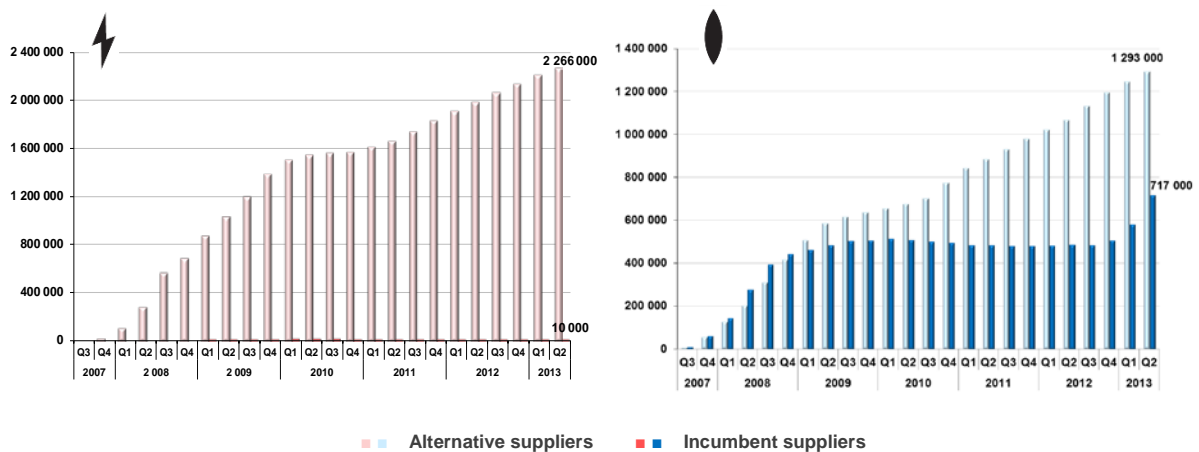
On the electricity market, the opening of the market has slowed down with only 58, 000 additional customers (thus +2.6%) with contracts at market price at the end of the second quarter of 2013 (+74, 000 at the end of the first quarter of 2013).

On the gas market, competition drastically heats up: 181, 000 additional customers subscribed to a market-price contract (+10 %) over the second quarter of 2013 (up from 125, 000 over Q1 2013).

On the electricity market, as at 30 June 2013, 2,276, 000 sites, out of a total 30.9 million, have contracts based on market prices, 2, 266, 000 of which are with an alternative supplier.

On the gas market, 2, 010, 000 sites, out of a total 10.6 million, have contracts based on market prices, 1, 293, 000 of which are with an alternative supplier.

Number of residential customers with market-price contracts



## Non residential retail markets

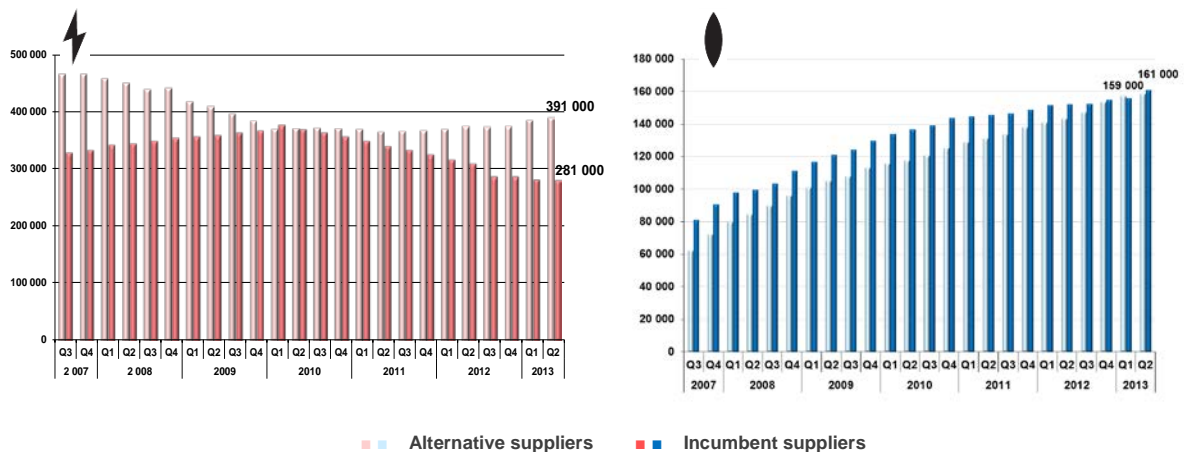
On the electricity market, the opening rate slows down compared to the first quarter of 2013 with only 3,000 additional customers at market prices in the second quarter of 2013 (+ 0.4%).

On the gas market, the opening of the market slightly keeps increasing steadily and slowly from Q1 2013 with 6, 300 additional customers with market-price contracts (representing a 2% gain) accrued over the second quarter of 2013 (+4, 800 during the first quarter of 2013).

As at 30 June 2013, 672,000 sites, out of a total 4.9 million, have electricity contracts based on market prices, 391, 000 sites are with an alternative supplier.

On the gas market, 320,000 sites, out of a total 672, 000 sites, have market-price contracts, 159, 000 of which are with an alternative supplier

Number of non-residential customers with market-price contracts



All figures shown in this section were provided by network operators and energy suppliers and analyzed by the CRE

## WHOLESALE MARKETS

### Wholesale electricity market

**On the power spot market (day-ahead and intraday)**, traded volumes decreased by 23% compared to the previous quarter and by 10% compared to Q2 2012. **Regarding the futures market, traded volumes decreased by 25%** compared to the previous quarter (109 TWh), but increased sharply compared to Q2 2012 (+33 %). The drop in volumes compared to the previous quarter is due to a reduction of trading on monthly and quarterly contracts, in spite of an increasing activity for yearly products. The activity on the broker platforms, concentrating most of futures products trading, dropped significantly (-25 %). We note, in contrast, an increased in the traded volumes on the power exchange (+31 %).

The day-ahead baseload prices on EPEX SPOT established on average at € 33.4 /MWh, a 38% decrease compared the previous quarter, but a 19% increase compared to Q2 2012. **The spread between French and German prices dropped substantially from €12.0 /MWh to €0.88 /MWh. The spreads on calendar contracts between France and Germany continued to widen** in a context where calendar baseload prices continued to decline in France (€-2.7 /MWh) and Germany (€-3.2 /MWh), amounting respectively to €42.6 /MWh and €38.9 /MWh.

**The average nuclear generation rate increased slightly in the second quarter of 2013 and stood at 68.6%** against 67.9% in the same period in 2012, reflecting an increase in the availability of nuclear power plants (70.5% in 2013 against 67.2% in the first quarter in 2012). **Hydro storage level declined, reaching 74% at the end of June** (against 45% in early April) following the seasonality observed for several years. **Imports dropped sharply (-39.6 %) compared to the previous quarter**, mainly due to decreasing electricity consumption (-27.9 %). The net export balance is 14.6 TWh, an increase from 98 % compared to the first quarter of 2013.

### Wholesale gas market

**Day-ahead prices in Europe increased by 11% compared to Q2 2012.** The day-ahead product at PEG Nord traded on average € 0.8/MWh above prices observed on other main European hubs. This premium appeared early April when the French system was particularly tight, due to temperatures below the seasonal norms, very low stock levels, low send-out level from Montoir-de-Bretagne LNG terminal and maintenance operations on some French entry points. PEG Nord day-ahead reached a peak at € 42/MWh on April 9th, following significant capacity restrictions at Dunkirk and Taisnières-H entry points.

**PEG Nord/PEG Sud day-ahead spread traded on average at €2.3 /MWh during Q2 2013, displaying a high volatility within a range from €1.0 /MWh to €6.3 /MWh.** Despite increasing LNG send-outs at Fos-Tonkin and Fos-Cavaou terminals and significant reverse flows on the Spanish border, the North-to-South link was saturated at 95%. This can be explained in part by the low availability level of interruptible capacity on the link (45% during Q2 2012 against 78% during Q2 2012).

**The Winter/Summer spread reached a 5-year low, which continued reducing the attractiveness for storage.** On April 1st 2013, French stock levels established to only 11 TWh (-19TWh compared to same period last year). This situation had resulted in an unprecedented amount of unsubscribed storage capacity for the coming gas year.

**French wholesale gas market kept its growing trend during Q2 2013.** Volumes delivered on the PEGs increased by 19% against the 2nd quarter of 2012 while volumes traded on the intermediated markets surged by 71%, essentially led by Season contracts.

### Wholesale CO<sub>2</sub> market

**Regarding the CO<sub>2</sub> market, the 3rd Phase of the EU Emissions Trading Scheme (EU ETS) started on January 1<sup>st</sup> 2013.** During the second quarter 2013, auctions of emission allowances continued to take place on the common European platform (EEX) for 25 of 27 EU Member States, and on the two individual auction platforms - EEX for Germany and ECX for the United Kingdom - several times a week. On the 30th of April 2013 the market players surrendered the quotas in compliance with the EU ETS for the year 2012. This was the last surrendering step for phase II.

**EUA spot prices dropped again during the second quarter of 2013** with an average price of €3.86/t, i.e. a decrease of 17% versus the first quarter of 2013. Following the European Parliament's ITRE and ENVI votes during the first quarter 2013, **the European Parliament voted in plenary session against the backloading proposal on the 16th April.** On the 19th of June, the ENVI Committee of the European Parliament voted in favour of the amended text. **The 3rd of July, the backloading proposal was approved in plenary session by the European Parliament. On their side, the CER spot prices established on average at €0.20/t.**

**Total volume of EUA traded decreased by 1% (at 2,910 Mt)** during the second quarter 2013 versus the first quarter 2013, with a 5% decrease on exchanges but a 13% increase via brokers. **Total CER volumes traded via exchange and brokers strongly decreased by 42% (at 157 Mt) during the second quarter 2013 versus the first quarter 2013.** During the second quarter 2013, CER volumes traded on exchanges (92 Mt) decreased by 47% and CER volumes traded on brokerage venues (65 Mt) decreased by 34% versus the previous quarter. During the second quarter 2013, EUA volumes traded on exchanges were mainly term contracts – around 325 Mt were spot contracts, 1,235 Mt were Dec. 2013 contracts and 261 Mt were Dec. 2014 contracts.

## Définitions

*Since the total market opening as of 1<sup>st</sup> July 2007, consumers can choose from two different types of contracts:*

- *Contracts at regulated end-user price: regulated tariffs offered only by incumbent suppliers.*
- *Contracts at market price are offered by both, incumbent and alternative suppliers, that fix freely their prices.*

*The market is divided into two categories of segments:*

- *Residential sites, which are the households.*
- *Non residential sites, which regroup all the other consumers: professionals, large industrial sites, administrations, etc.*

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