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An exemption request for a new electricity interconnector between the French and British electricity grids

On 11 September 2013, ElecLink, a joint venture between STAR Capital (51%) and Groupe Eurotunnel (49%), submitted to the French Energy Regulatory Commission (CRE) a request for an exemption for a new direct current interconnector between France and Great Britain. The projected interconnector is planned to be installed inside the Channel Tunnel and to have a capacity of 1000 MW. It is planned to be operational from Q4 2016.

ElecLink has requested an exemption during 25 years from provisions concerning:

- third party access;
- use of revenues resulting from the sale of interconnection capacities;
- the regulator's right to approve and/or modify access rules (including tariffication);
- ownership unbundling (separation of electricity transport activities from activities of production and/or supply).

The possibility of such exemption results from European Regulation (EC) n° 714/2009, which defines a list of criteria to be fulfilled for a project to benefit from an exemption. In France and Great Britain, the processing of exemption requests lies within the responsibility of the regulators.

The French energy regulator will, together with Ofgem, the British energy regulator, assess that the project fulfills the criteria for exemption. In particular, the investment must enhance competition in electricity supply, and the exemption must not be to the detriment of competition or the effective functioning of the internal market in electricity, or of the functioning of the regulated system to which the interconnector is linked.

In France, only exempted interconnectors may be developed and operated by an investor different from the national transmission system operator, Réseau de Transport d'Electricité (RTE) having the sole responsibility for regulated interconnectors. CRE published, on 29th of March 2012, a communication on the assessment of exemption request for electricity interconnectors in France. In particular, CRE will ensure that the new interconnector does not cause grid users to bear a potential financial cost disproportionate to the expected benefits of an increase in interconnection capacity (enhanced use of the less expensive generation units throughout Europe, increased security of supply, integration of intermittent energy generation...).

CRE will publish its decision on the request within the 18 Mars 2014. The request will be submitted to public consultation in November.

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.

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