

REGULATED AND MARKET ACTIVITIES in the European Union



In Europe, as of January 1, 2007, generation, sales and marketing, and trade of energy are fully open to competition.



MÉDIATHÈQUE EDF - SAMUEL BOLLENDORFF

? UNDERSTANDING

RTE missions

- > Maintain, operate and develop the French electricity transmission network
- > Ensure the smooth running and security of the electric system
- > Guarantee the reliability and quality of electricity supply to network users: industry and electricity distributors, generators and suppliers
- > Guarantee all users, without discrimination, access to a transparent network
- > Ensure the interconnections with other transmission networks

ERDF missions

- > Operate, maintain and develop the French electricity distribution network through a concession agreement with local authorities
- > Guarantee all users, without discrimination, access to a transparent network
- > Ensure the interconnections with other networks

Management of public transmission and distribution networks is entrusted to independent network operators, and is subject to legal and regulatory frameworks controlled by a regulatory authority. These are the regulated activities.

Whenever operators are part of a group that, like EDF, also runs market activities, the network business is transferred to an independent subsidiary within that group to guarantee neutrality of services rendered to users.

DISSOCIATION OF EDF'S REGULATED AND MARKET ACTIVITIES IN FRANCE

In mainland France, RTE is the independent subsidiary responsible for operation, maintenance and development of the public electricity transmission network. Fully-owned by EDF, RTE has been an independent fully-owned subsidiary in accordance with regulations since 2005. Under the control of the Energy Regulation Commission (*Commission de Régulation de l'Énergie* - CRE¹), it is subject to a legal and regulatory framework that guarantees its independence and neutrality (see website: <http://rte-france.com>). With the opening of the residential market in France in 2007, EDF separated distribution and sales and marketing, creating EDF's distribution subsidiary ERDF, (*Electricité Réseau Distribution France*) on January 1, 2008. This EDF subsidiary, also fully-owned, was operational from the outset. ERDF's Supervisory and Executive boards, as well as its provisions of governance, ensure its independence.

Transmission and distribution tariffs are proposed by the Energy Regulation Commission and laid down by ministerial decree.

OTHER REGULATED ACTIVITIES IN THE GROUP

Several EDF Group companies outside France are involved in regulated distribution: EDF Energy in the UK, EnBW in Germany, SSE in Slovakia and Demasz in Hungary. Demasz and SSE separated network and sales and marketing in 2007.

ISLAND ENERGY SYSTEMS

Island Energy Systems (*Système Énergétiques Insulaires* - SEI) cover electric systems that are not, or not well, interconnected with continental mainland France: Corsica and Saint-Pierre-et-Miquelon, French overseas departments (Guadeloupe, French Guiana, Martinique, Reunion Island) and overseas collectivities (Saint-Barthélemy and Saint-Martin). These areas benefit from the same tariffs as continental France, despite much higher generation costs. The extra cost is offset by the contribution to the public service charges for electricity (*Contribution au service public de l'électricité*). Competition among producers was introduced in a context of public bidding, with EDF acting as sole buyer. EDF is separating its market activities, creating a subsidiary for generation: Island Energy Generation (*Production Électrique Insulaire* - PEI).

1. (*Commission de Régulation de l'Énergie* - CRE).