



Union Française de l'Électricité

UFE's answer to the European Commission's consultation on the French electricity market reform plan

UFE, representing the French electricity industry, welcomes the possibility to comment on the electricity market reform plan submitted by the French State to the European Commission on 28 April 2021 (hereafter "the Plan"), as required by Regulation n°2019/943 of 5 June 2019 on the internal market for electricity.

Overall, UFE would like to stress its support to the Plan's key findings on all topics it covers in accordance with Article 20 of the Regulation. UFE has indeed been widely consulted by the French authorities and had the opportunity to comment on most of the proposed measures, which – combined with past and ongoing reforms – will improve the French market's efficiency in compliance with the European regulations. To that extent, we acknowledge the achievements in every area listed by the Plan, from the efficient integration of storage assets in the French power system to the development of interconnections if and when economically efficient, as well as the participation to the European balancing platforms.

Regarding demand-side response (DSR), UFE supported the launch by the French authorities of a public support plan aiming at fostering its development and at fulfilling the targets set for DSR by the *Programmation pluriannuelle de l'énergie*. UFE supports in particular the foreseen launch of an experimental call for tenders to support implicit DSR (i.e. developed by suppliers) as well as the recast of the existing call for tenders for explicit DSR, provided it is approved by the European Commission.

UFE would also like to stress specific support to the takeaways of the Plan regarding security of supply: although the need for a capacity mechanism has already been recognized by the Commission in its approval decision of November 2016 – and therefore no longer needs to be established –, it is of utmost importance to bear in mind that the reasons underlying the implementation of such a mechanism have not disappeared. As the first years of operation of the mechanism are coming to an end, RTE's ongoing empirical feedback – which UFE has welcomed and to which it eagerly contributes – will undoubtedly confirm the necessity of a capacity mechanism, while identifying orientations for its potential improvements. We welcome the fact that this feedback report will be shared with the European Commission and relevant stakeholders. This should also be considered in conjunction with the conclusions of RTE's *Bilan prévisionnel 2020*, which foresees – under the new methodological standards set by the Regulation – that maintaining a capacity mechanism at least until 2026 will be a prerequisite for fulfilling the national security of supply criterion at that horizon.



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UFE therefore believes that, whatever reforms of the short-term markets may be carried out to palliate potential inefficiencies and regardless of the level of operational performance that may be achieved in the functioning of the French electricity market and the European internal market, the achievement of the French security of supply target in the long run will remain conditional on the existence of a regulatory mechanism dedicated to ensuring it.