



EUROPEAN COMMISSION – PRESS RELEASE

The EU gas market: the Commission calls on France to revise its system of regulated prices for non-household users

Brussels, 31 May 2012 – Today, the European Commission officially called on France to bring its legislation on regulated tariffs for non-household end-users of natural gas into line with European Union law. Under European internal energy market legislation, prices should primarily be determined by supply and demand. State-set tariffs for non-household end-users, as provided for in the French 'Energy Code', impede new arrivals from entering the market.

Infringement proceedings were opened in 2006 ([IP/06/430](#) and [IP/06/1768](#)) and have given rise to numerous exchanges with the French authorities. Today, in this context, the Commission has had to issue a further reasoned opinion.

The Commission considers that, as regards non-household users, French legislation fails to comply:

- both with the compulsory time limit upon the application of regulated prices, given that the Energy Code does not provide for any such time limit,
- and with the proportionality which should characterise all regulated tariff systems as specified in the *Federutility* judgment of the European Court of Justice in 2010. Namely, any such provision should be aimed at achieving a precise objective and the legislation should not go beyond what is required to pursue the intended general economic interest. The Commission considers France's protection of prices for all non-household users, regardless of their size and situation, to be disproportionate.

Should France not comply with its legal obligations within two months, the Commission may refer the matter to the European Court of Justice.

Background

Internal energy market legislation ([Directive 2003/55/EC](#), replaced by [Directive 2009/73/EC](#) of 3 March 2011) offers consumers the freedom to choose their supplier. The European objective, as expressed by the Heads of State and Governments in February 2011, is to establish a genuine European internal energy market by 2014, so as to allow more choice and guarantee the best possible service.

The existence of a competitive EU internal energy market is the best way of ensuring security of supply and affordable energy prices. Regulated prices distort the markets as they do not reflect actual demand and limit effective competition. Furthermore, they can prevent new arrivals from entering the market. Regulated prices may therefore be adopted only when they serve the general economic interest, and must be proportionate, clearly defined, transparent, non-discriminatory and verifiable.

The Court of Justice confirmed this principle in the *Federutility* judgment in 2010.

For more information, see:

The latest updates on infringement proceedings against Member States:

http://ec.europa.eu/eu_law/index_fr.htm.

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