

**Europartenaires Conference**  
**Speech by Dominique Maillard**  
**8 February 2008, Institut Goethe**  
*National choices and the trans-European project.*

I am especially happy to be here at this conference. First, I would like to thank Elisabeth Guigou and Jean-Noël Jeanneney for their invitation, and for everything they've done through Europartenaires to enlighten us on the great issues Europe is facing. As the years have gone by, your approach has remained as lively and relevant as ever. And just as fresh, as well. As many energy conferences as I've been to, I don't remember ever having participated in one with so many German guests! I am delighted that, thanks to you, we are able to rectify this oversight. We must hold an open dialogue with Germany on energy issues. This would seem to be natural, but it still bears mentioning.

I would also like to emphasise how proud RTE is to have worked alongside Europartenaires in the energy field. I especially want to highlight the quality of the report done by the working group that was formed one year ago, with which I had the opportunity to exchange alongside Elisabeth Guigou and Jean-Noël Jeanneney a few months ago. This report is a welcome appeal to build a trans-European energy programme, in a clear and realistic fashion, by focusing on the issues and obstacles. It is also in that same spirit that I wish to answer the problem that we are discussing today, regarding national choices and the trans-European project.

From my viewpoint, we must contribute to a trans-European project and approach, but at the same time we cannot ignore a national component in the field of energy.

**1. We are placing our approach within the framework of a trans-European project.**

This is particularly true in the field of electricity, for three reasons.

a) **Trans-European electricity has existed for a long time.** Cooperation began around 1920 with three main goals: to benefit from the Swiss hydroelectric power; to improve the reliability of the system; and to develop business deals between electrical companies, where the need arose.

This cooperation was stepped up after World War II, ultimately leading to the 1951 creation of the UCTE, which was tasked with creating a technical framework for the operation of the interconnected system. To date, a "synchronous" area, the largest in the world, with more than 30 countries connected, for a capacity of 650,000 MW, stretches from Europe to the south of the Mediterranean sea.

Recently, the blackouts of the 4<sup>th</sup> of November 2006 have illustrated the existence of this network and its interdependence. For almost an hour, a disturbance in Germany affected more than 15 million Europeans, not just in Germany but also in France, Italy, Spain and Portugal, among others. But on the other hand, it must also be noted that our neighbours' energy capacity during recent peaks in demand (the 2003 heatwave or the December 2007 cold snap) have been essential to ensure that our supply in France remains uninterrupted. This is the benefit of the mutualisation of the power network: We stand together as Europeans. Conversely, no power network is safe from a blackout.

Through these first steps, we have therefore been setting the stage for the future of trans-European electricity, whose history has been moving ever quicker over the past decade.

b) **Building a domestic energy market is a new driving force.** The decision taken by the Europeans to build a domestic electricity market has quite obviously had a direct impact on the entire electricity production and sale chain.

In the case of transmission system operators, we have therefore strengthened European bonds by:

- developing our border interconnections to reduce congestion;
- putting auction mechanisms into place at the borders to promote trade;
- contributing to the organisation of transactions, by purchasing shares on the Powernext electricity market, as well as by setting up a market coupling system between Belgium, the Netherlands, and France, which enables those three countries to share a single spot price for 60% of hourly segments. This network will be extended to Germany on 1 January 2009, while plans are also underway with our Scandinavian partners;
- encouraging sub-regional initiatives to foster coordination between neighbouring countries, such as France, Spain, and Portugal or between the Central Western European countries I have just mentioned.

Thus, building Europe day by day, we will also strengthen our organisations. The European Commission has made proposals as part of its "3<sup>rd</sup> energy package," aimed at officially forming a Commission-approved Association of European TSOs as well as an Association of European Regulators. These proposals, which are also the result of conclusions drawn from the 4<sup>th</sup> of November incident, are essential for strengthening the coordination and technical reliability rules of our power networks.

c) **Energy must serve new political priorities, including within the European Union. This holds true when it comes to preserving the environment.**

For us, as network operators, our role will be to support the European objectives in this field. For example, we must adapt our entire power network to incorporate renewable energy sources. First, by increasing the number of connections, especially with wind farms, but also by implementing devices that make it possible to integrate such intermittently productive energy sources. We need to remember, for example, that the plan to connect France and Spain, which was recently restarted, will be able to make use of the power provided by wind generators in the southern Pyrenees. Another example is in the Somme, where electrical needs range from 300 to 400 MW, whereas the capacity of the wind farms may reach 1000 MW or more. We must build ways to transport this surplus output to the parts of our power network where it is needed.

**2. But today, a national component still remains essential, at least in the short and medium term.**

Why?

First, **energy is neither a service nor a good.** Energy is a vital organ of the national economy. It meets a need which must be considered as a public service. To that end, our foremost mission must be to ensure the reliability of the French electrical system and its power supply.

Secondly, we cannot ignore our past regarding the structure of the market either. **The electricity market has been built around the basis of a single provider for 60 years.** At present, 90% of electricity in France is generated by a single company. This is why it must be expected that the market will develop slowly.

Finally, there are still **different visions within Europe** regarding energy. Each country wants to keep its own methods on certain matters. The present debate on the role of nuclear power shows this clearly, as does the debate on using a diverse range of energy sources at the national level. In this matter, then, there is still room for national policies, and in light of that I do not believe that we will be giving up our sovereignty, at least not in the short and medium term.

Thank you.