

# France's evolving energy policy

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Think of France's energy sector and you'll likely think of nuclear: the country has relied on it for its primary, state-backed source of power since the 1970s, with around 75% of the nation's electricity capacity coming from the technology.

Things are slowly changing. In 2015 the government passed a bill targeting a reduction to 50% for nuclear's contribution to electricity supply by 2025, with renewables and gas-fired generation set to take its place. In the same year the government said France would reduce its greenhouse gas emissions by 40% by 2030 compared with 1990 levels, and to quarter greenhouse gas emissions between 1990 and 2050.

There has been a run of energy tenders, policy announcements and consultations issued by the French government in recent months, which, if followed through, pave the way for a very different French energy market in the coming years.

## **Better connected?**

Two developments emerged this week alone: France said it is to run a public consultation on state support for the €740 million (\$784.6 million), 1GW IFA 2 interconnector project to share power between the UK and France. And, as *IJGlobal* reported back in November, a third offshore wind tender round is expected to be launched in the next two weeks.

The IFA 2 project has hit a road bump in the form of the Brexit vote. In April this year, French transmission system operator RTE applied for a state financial incentive to the French Energy Regulatory Commission (CRE) to build the interconnector, and built investment in the project into its 2017 spending plan.

But RTE said their application was written under the assumption that the UK would remain a member of the European Union (EU). The government appears to remain at least open to supporting the development, and is now asking for industry feedback on the project.

On 27 October the [French government approved a decree laying out how it will achieve its renewables targets](#). The programme will be reviewed in 2018 and every five years subsequently.

Under the programme, the government plans to increase its renewables capacity to between 71GW and 78GW by 2023, a target that would see the country double its existing installed capacity.

[Marine power tender winners](#), a [floating offshore wind tender](#), a [3GW solar tender](#) and an [extension to the planned third offshore wind tender](#) have all been announced in the past four months.

## **Better late than never?**

Announcements are one thing: the rhetoric will need to be matched with sponsors willing to develop and find financing for the eventual projects. Banks have been waiting for several years for the first round of French offshore wind projects to enter commercial financing.

International players may also be hoping that the market opens up: to date, the young French renewables market has been dominated by home-grown players. A consortium of EDF and Alstom won three out of four development sites on offer under France's €7 billion (\$7.9 billion), 2GW first offshore wind round tender in 2012, for example. The second, €4 billion, 1GW tender was won by Engie, EDP Renewables, Neoen Marine and Areva in May 2014.

For those that do decide to enter the market, the election may slow an industry which needs regulatory certainty to proceed with project development. The French government has postponed until after the 23 April 2017 presidential election the decision on which, if any, nuclear reactors will close to meet its nuclear reduction target. For the time being, nuclear remains king.

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