

FOCUS ON ...

ACCOUNTING



December 2022

Business support schemes to combat rising energy prices to combat rising energy prices

In order to support companies affected by the increase in energy prices, various aid schemes have been put in place. These aids and their modalities differ according to the size of the companies and the difficulties they encounter.

Support measures in 2022

The domestic tax on the final consumption of electricity (TICFE)

All companies, regardless of their size, benefit from the reduction of the TICFE to its European legal minimum, i.e. 0.5 €/MWh for all companies since February 1, 2022 (1 €/MWh for households and similar).

The unit amount of the TICFE / CSPE had been maintained since 2016 at the full rate of €22.5/MWh.

Regulated access to historical nuclear electricity (ARENH)

It allows all alternative suppliers to purchase electricity from EDF under conditions set by the public authorities. The price is currently €42/MWh and the maximum overall volume allocated to the scheme is equal to 100 TWh/year.

To benefit from this scheme on a significant part of their electricity consumption, the company must approach the energy supplier.

The tariff shield

VSEs with less than 10 employees and a turnover of €2 million and with an electricity meter of less than 36 kVA are eligible for this shield. To benefit from it, the company must contact the energy supplier.

Implemented at the end of 2021, the rate shield will cap the increase in electricity bills at 4% for 2022.

The Gas and Electricity Bill Payment Assistance Window

Specificity concerning the electricity bill

All companies can benefit until December 31, 2022, of the aid for the payment of electricity bills up to 4 M€.

Basic Plan Eligibility Criteria

- The price of energy during the application period (September and/or October 2022) must have increased by 50% over the average price paid in 2021

The company's energy expenditures during the application period must represent more than 3% of its 2021 sales (e.g., if the company is applying for) (For example, if the company is applying for assistance for the September/October 2022 period, its energy expenses for that period must represent more than 3% of its September/October 2021 sales. Companies have the option of comparing this energy bill to September/October 2021 sales or to prorated 2021 sales).

The amount of assistance for this tranche is 50% of the difference between the 2021 bill plus 50% and the 2022 bill, up to a maximum of 70% of the 2021 consumption.

Eligibility criteria for the enhanced scheme

Enhanced aid can be mobilized for a maximum amount of €50 million, and up to €150 million for sectors exposed to a risk of carbon leakage.

The criteria are:

- The price of energy during the application period (September and/or October 2022) must have increased by 50% over the average price paid in 2021,
- Have 2021 energy expenses representing more than 3% of 2021 revenues or 1st half 2022 energy expenses representing more than 6% of energy expenses in the first half of 2022
- Have a gross operating surplus that is either negative or down by 40% over the period.

Calculation of the amount of aid under the enhanced scheme

For aid of up to €50 million, the amount corresponds to 65% of the difference between the 2021 bill plus 50% and the 2022 bill, up to a maximum of 70% of the 2021 consumption.

For aid of up to €150 million, the amount corresponds to 80% of the difference between the 2021 bill plus 50% and the 2022 bill, up to a maximum of 70% of the 2021 consumption.

For the months of September and October 2022 and for these energy-intensive companies, the window will open in late November. The window for the following period (November - December 2022) will open in early 2023.

Specificity concerning the gas bill

All companies can access the same gas bill payment assistance window capped at €4M, €50M and €150M with these same simplifications until December 31, 2022.

Existing and renewed support measures renewed in 2023

TICFE and ARENH

Both schemes are maintained for the year 2023 at their 2022 level, i.e.:

- TICFE: 0.5 €/MWh for all companies,
- ARENH: 42 €/MWh and the maximum global volume allocated to the system is equal to 100 TWh/year.

The tariff shield

The scheme has been extended for 2023, so VSEs with less than 10 employees and a turnover of €2 million and an electricity meter with a power rating of less than 36 kVA will continue to be eligible. As for 2022, the company wishing to benefit from this scheme must contact the energy supplier.

The Gas and Electricity Bill Payment Assistance Window

The scheme is extended for the year 2023 with the following:

Concerning the electricity bill

For ETIs and large companies, the assistance window for the payment of electricity bills will be extended until the end of 2023.

Concerning the gas bill

All companies will have access until December 31, 2023, to the same assistance window for the payment of gas bills capped at 4 M€, 50 M€ and 150 M€.

New support measures in 2023

The electricity damper

The aim of this scheme is to protect consumers who have signed the highest contracts with a reinforced unitary aid ceiling. It will be defined on an indicator present on the invoices and estimates of the companies and will be applied by the electricity suppliers.

Which companies are eligible?

The shock absorber will be aimed at **all SMEs** (less than 250 employees, €50 million in sales and €43 million in balance sheet) not eligible for the tariff shield.

This device will protect **in particular all the VSE which are not protected by the tariff shield because they have an electric meter of a power higher than 36 kVA.**

All the companies listed above are concerned, whether they have already signed a contract or are in the process of renewing one, will benefit from the mechanism, **as long as the reference megawatt-hour price for the market supply portion of their contract is above a level of €325/MWh**

Amount of the aid

The amount of this aid will be calculated on a flat-rate basis of 25% of the consumption of the companies, making it possible to compensate for the difference between the floor price 325 €/MWh and a ceiling price of 800 €/Mwh.

The cushion will be capped at 800 €/Mwh. The State expects that the maximum aid would therefore be about 120 €/MWh for the companies concerned.

Details

The aid will be integrated directly into the consumers' electricity bill and the State will compensate the suppliers. Consumers will only have to confirm to their supplier that they are an SME, an association, a local authority or a public institution and that they do not have competitive activities.

The electricity buffer will go into effect on January 1, 2023 for one year.

What to do in case of difficulties?

The Resilience soft loan

This scheme allows taxpayers to take out direct loans from the State. It aims to support the cash flow of companies that have been weakened by the crisis and then impacted by supply tensions.

Eligibility criteria for the scheme

The loan is intended for companies that have not been able to obtain financing solutions from their banks to meet their cash flow needs. Eligible for this scheme are SMEs and ETIs that have not obtained all or part of an EMP, that have real prospects of recovering their operations and that are not subject to collective proceedings. The scheme is aimed primarily at industrial companies with more than 50 employees,

Loan amount

The soft loans have a maturity of 6 years and can have a one-year grace period. The current rate is 2.25%.

Terms and Conditions

Applications for subsidized loans must be submitted to the departmental committees for the examination of business financing problems (CODEFI).

To do this, companies contact the Commissioner for Restructuring and the Prevention of Business Difficulties (CRP) in their region.

In case of contractual difficulties

After a consultation with the State on October 5, 2022, a charter of commitment was signed by energy suppliers to help consumers cope with the energy crisis and prevent their difficulties.

This charter, which runs until April 30, 2024, contains several important points, including:

- Notify corporate and community customers of the end of their contract 2 months in advance,
- Act, under certain conditions, as a supplier of last resort for companies and local authorities by offering all customers who request it at least one contract,
- Promote the implementation of payment facilities for companies or local authorities that request them and are experiencing difficulties,
- Encourage a company or a local authority to put commercial offers in competition with each other,
- Give preference to offers that take into account the challenges facing the electrical system and that, for example, remunerate load shedding capacity when the system is under stress or that encourage lower energy consumption,
- Repercussion as soon as possible of the aid intended for final consumers, following the example of the extension of energy tariff shields to condominiums, including in commercial offers. commercial offers.

Recourse in case of disputes with the energy supplier

- If the company has less than 10 employees and a turnover of less than €2 million, you can refer the matter to the National Energy Mediator to resolve disputes,

- If the company has more than 9 employees or a turnover of more than 2 M€, you can refer to the mediator of companies or, if your dispute is with the supplier EDF or the supplier ENGIE, the mediator of these companies.



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Measures pending

During the exchange with energy suppliers on October 5, 2022, the Government announced several measures to support energy-consuming businesses that should be implemented soon:

- CRE will publish a reference price for electricity for several professional consumer profiles. **This indicator will allow companies to compare this reference price with the offer received from a supplier before committing themselves.**
- **La mise en place d'une garantie de l'État pour réduire le risque de défaut de l'entreprise cliente d'un fournisseur.**
- The State will come against guaranteeing the bank guarantees requested at the time of the subscription of energy supply contracts and reinsure the energy supply contracts covered by credit insurers

This guarantee will reduce suppliers' requirements for collateral and security deposits when signing contracts.

It will thus facilitate access to a contract for all consumers. This guarantee will be implemented as of PLF 2023.



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