

Local Governance of electricity distribution: Driver or obstacle for energy transition? Lessons from the French experience¹

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In France, the distribution of electricity is a public service that falls under the responsibility of local authorities. The distribution network belongs to these municipalities, who subcontract to Enedis for 95% of the network (and local electricity distributors for the remaining) through public service delegation Concession contract.

Under the combined effects of Energy Transition for Green Growth Act voted in 2015 and the territorial reform process that aims to simplify territorial organization and to clarify the distribution of competences and responsibilities notably for energy and climate change policies, local authorities should play a crucial role in energy policy in their territory. The Act sets out medium and long term objectives for national energy production and consumption, notably through the increase of the share of renewables to 32% of final energy consumption by 2030 and to 40% of electricity production, the reduction by 50% of the energy consumption from 2012 until 2050 and the reduction by 40% of the greenhouse gas emission from 1990 until 2030. These national objectives translate into local ones, for which local authorities reclaim a stronger control over local energy system.

Our contribution aims to highlight the legal, administrative and organizational obstacles to the implementation of these ambitious local policies and to discuss solutions to overcome them. We adopt a multidisciplinary approach based on survey data and case studies to highlight three types of difficulties encountered by local authorities which concern i) the conditions for renewal of electricity distribution concession contracts (ii) the overlapping of energy policy competences between different territorial communities; and (iii) the differences between urban and rural areas with regards to investment strategy and financing. We rely on both a qualitative analysis (case studies) and a quantitative analysis based on survey data collected by a questionnaire sent in May and June 2016 electronically to all public authorities with the status of Organizing Authority for the Distribution of Electricity (AODE) The first part of the article deals with the window of opportunity open by the current renewal of electricity distribution concession contracts. We use the contract economics approach to highlight the specificities of the concession contract (Guash 2004, de Brux and Saussier Ed. 2018) and the efficiency renewal

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conditions taking into account the legal possibilities offered by the recent legislative developments (Fontaine 2015). We identify various points that may evolve during the renewal (investment plan for modernizing and securizing facilities, the accounting and financial condition, the quality of service...). Finally, we rely on the case studies we conducted from the communities that recently renegotiated their concession contract, which allows us to identify best practices and learn from them. The second part of the study proposes an analysis of the conditions of effectiveness of the new local governance of electricity distribution. We focus on the relationship between the two types of AODE: the *Syndicat d'Énergie* and the Métropole / urban communities that are today at the heart of the local governance for energy. We focus on the case of renewable energy projects and highlight the key elements for their successful development from a governance perspective.

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