



Congestion management on European Gas Transmission Networks

Recommendations for Guidelines Adopted via a Comitology Procedure

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INFORMATION PAGE

Abstract

This document E09-GNM-10-07 is an ERGEG document on recommendations for guidelines on congestion management to be adopted via comitology procedure. It is intended to serve as input for the Commission when revising the Annex of Regulation (EC) 1775/2005 regarding the rules on congestion management.

Target Audience

Energy suppliers, traders, gas/electricity customers, gas/electricity industry, consumer representative groups, network operators, Member States, academics and other interested parties.

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Related Documents

CEER/ERGEG documents

- “ERGEG principles on Capacity allocation and congestion management in European gas transmission networks“, ERGEG, December 2009, Ref. E09-GNM-10-03
- “Pilot Framework Guideline on Capacity Allocation on European Gas Transmission Networks“, ERGEG, December 2009, Ref. E09-GNM-10-05
- “Pilot Framework Guideline on Capacity Allocation on European Gas Transmission Networks – Impact Assessment“, ERGEG, December 2009, Ref. E09-GNM-10-06
- “Recommendations for Guidelines adopted via comitology procedure on Congestion Management Procedures on European Gas Transmission Networks – Impact Assessment“, ERGEG, December 2009, Ref. E09-GNM-10-04

1. SCOPE OF THE ARRANGEMENTS

C1 General issues

C1.1 Scope

The rules on congestion management procedures in these Guidelines apply to cross-border interconnection points between Member States, as well as interconnections between adjacent entry-exit-systems within the same Member State, insofar as the points are subject to booking procedures by shippers. Exit points to end consumers and distribution networks, entry points to supply-only networks, as well as entry points from LNG-terminals and entry or exit points to or from storage facilities are not subject to these Guidelines.

The rules on congestion management procedures in these Guidelines shall not apply to interconnection points which are not congested. The concerned national regulators shall jointly decide that an interconnection point is not congested and is thus exempted from the rules of these Guidelines.

These Guidelines will be applied by transmission system operators without prejudice of the regulatory regime for cross border issues pursuant to article 42, of Directive 2009/73/EC and of the responsibilities and powers of regulatory authorities established according to article 41, paragraph 6, of Directive 2009/73/EC.

2. BORDER SPECIFIC ADJUSTMENTS

C1.2 Border specific adjustments

In order to foster compatibility with the methods applied in the adjacent systems national regulatory authorities may request transmission system operators adjoining more than one system to apply different terms and conditions at the interconnection points to different systems.

3. EXISTING CONTRACTS

C1.3 Existing contracts

All capacity management clauses in capacity contracts existing prior to the application of these Guidelines shall be amended in line with the implemented provisions within 6 months of the respective provision entering into force. During this period, network users shall be entitled to reduce or terminate their capacity contracts, provided that TSOs, other users and final customers are not inadequately affected by an increase of their costs as a consequence of the application of this provision.

4. INCENTIVISATION

C1.4 Incentivisation

National regulatory authorities shall ensure transmission network operators have incentives to achieve the aim of these Guidelines and to properly comply with the requirements resulting from these Guidelines, in particular to maximise available and technical capacity and to actively manage network congestion.

5. CAPACITY CALCULATION AND NETWORK SECURITY

C2 Third party access

C2.1 Capacity calculation

When assessing technical capacity, transmission system operators shall consider the maximum amount of capacity that can be offered for use without restrictions.

Technical capacity must be calculated through transparent methodologies, using best available and cost-efficient procedures by transmission system operators. Transmission system operators shall identify all capacity that can be physically used in order to maximise the offer of capacity to the market. When forecasting system use for the purposes of identifying technical constraints, transmission system operators may also consider market trends, historical flow data and data on results of allocation processes.

In case of short-term congestion national regulatory authorities shall define further details of capacity calculation. In particular this may cover the calculation of short-term capacity down to daily and intraday capacity, to be based upon transmission system operators' current knowledge of, inter alia, the actual calorific value of the gas, expected consumption, climatic conditions, system configuration and the availability of network components.

C2.2 Network security

In applying the rules of these Guidelines, transmission system operators shall take into account the network security requirements, possible public service obligations and the integrity of the system concerned. The services provided shall take into account the facilities' technical constraints. Any limits on the services offered shall be made public and duly substantiated.

C2.3 Emergencies

Should difficulties in meeting contractual delivery obligations arise due to system integrity reasons beyond the transmission system operator's control, transmission system operators shall notify network users and seek a non-discriminatory solution without delay, e.g. proportionate reduction of nominated flows. Where possible, transmission system operators shall consult network users on procedures prior to their implementation and agree them with the national regulatory authority.

6. CAPACITY INCREASE BY OVERSUBSCRIPTION AND BUY-BACK ARRANGEMENTS

C2.4 Oversubscription and capacity buy-back

Transmission system operators shall implement an oversubscription and buy back mechanism in order to offer additional short-term and longer term capacity on a firm basis. Based on statistic scenarios about the probable amount of unused capacity they shall make available an extra amount of capacity exceeding the capacity calculated. When determining the oversubscribed capacity transmission system operators shall also estimate the possibility and the costs of buying back capacity on the market and reflect this in the amount of additional capacity made available. In case of actual or potential physical congestion transmission system operators shall tender for buying back capacity.

The mechanisms and possible transition periods for the implementation of these mechanisms are subject to review by the national regulatory authority. National regulatory authorities may set the proportion of additional capacity to be made available.

7. CAPACITY INCREASE BY PROCUREMENT OF SYSTEM ENERGY

C2.5 Increase of available capacity by Procurement of System Energy

Subject to the national regulatory authorities' approval, transmission system operators shall apply cost-effective measures in order to maximise capacity and to alleviate congestion like procurement of system energy. It shall be ensured that any associated costs do not exceed an economically efficient level.

8. CAPACITY CHARGES

C2.6 Capacity charges

Capacity charges shall be set in a way that do not distort capacity markets and encourage users to book capacity according to their actual need. The charges for firm capacities with contract periods of more than one day shall not be higher than the added daily charges during the contract period.

Interruptible capacity shall be charged sufficiently below charges for corresponding firm products.

9. RE-MARKETING BOOKED CAPACITY

C2.7 Surrender of capacity

Transmission system operators shall define terms and conditions for network users to surrender booked capacity to them. Surrendered capacity products are offered and allocated anonymously by transmission system operators together with primary capacity products. Transmission system operators are entitled to split and combine surrendered capacity products. The terms and conditions for surrendering capacity and the methods of rewarding initial capacity holders for the capacity sold are subject to the national regulatory authorities' decision.

10. FIRM DAY-AHEAD UIOLI (USE IT OR LOSE IT)**C3 Congestion Management****C3.1 Firm day-ahead UIOLI procedure**

In case the demand for firm day-ahead capacity regularly exceeds the offer, national regulatory authorities may ensure that a transparent and non-discriminatory firm day-ahead UIOLI procedure is established, which brings unused firm capacity back to the market on a day-ahead basis.

C3.1.1 Nomination schedule

National regulatory authorities shall set the time of nomination so that any resulting day-ahead capacity can be allocated in due time prior to the start of the main trading activities on the last trading day preceding the day of delivery.

Day-ahead-firm capacity is nominated separately after the close of the main trading activities.

C3.1.2 Limitation of existing re-nomination rights

National regulatory authorities may reduce or remove rights for re-nomination of firm capacity where the right exists and is applied. If a reduction of existing re-nomination rights is applied, the amount of firm re-nomination rights granted shall reflect in particular the requirements at specific points, the share of the booking of particular network users and their objectively justified needs.

C3.1.3 Offer and allocation of firm day-ahead capacity

The aggregated non-nominated capacity shall be offered as combined firm day-ahead capacity. Possibilities for firm re-nomination shall be taken in to account. Both offers shall be integrated with other offers of available firm day-ahead capacity.

Firm day-ahead entry-capacity is allocated by implicit or explicit auction only. Establishing reserve prices in these auctions may be disallowed by the national regulatory authorities. The offer and allocation of firm day-ahead entry-capacity shall be performed in such a way that buyers can take part in daily gas trading. The detailed auction design applied shall be subject to approval by the national regulatory authorities.

11. LONG-TERM UIOLI (USE IT OR LOSE IT)**C3.2 Withdrawal of underutilised capacity**

Relevant national regulatory authorities may establish procedures for applications for withdrawal of systematically underutilised capacity. An application for withdrawal of systematically underutilised capacity procedure requires:

- shippers request capacity bookings at the particular interconnection point and are unable to obtain this capacity on the primary or secondary market;
- the capacity holder systematically underutilises at least part of his allocated capacity with a contract duration of more than one year during a specific period covering at least one winter month;

- the capacity owner has not sold or offered in due time and at a reasonable price its unused capacity and
- the capacity owner is unable to satisfactorily justify his behaviour. The application of a short-term UIOLI mechanism shall not be regarded as justification for the purpose of long-term UIOLI.

The procedure shall describe the roles of the network users, the transmission system operators and the national regulatory authority and must be published. If two Member States are involved, coherent procedures shall be applied.

C3.2.1 Definitions

Systematic underutilisation and capacity hoarding will be defined by the national regulatory authority; technical features of the interconnection point and market environment will be taken into consideration.

C3.2.2 Specific procedures

In order to withdraw capacity determined to be systematically underutilised or hoarded, transparent, non-discriminatory procedures shall be established by the relevant national regulatory authority defining

- the responsible body for deciding if systematic underutilisation of capacity occurs;
- the way in which the capacity holder is consulted, if appropriate;
- underutilised capacity to be withdrawn;
- the duration of the withdrawal of the capacity;
- the responsible body for withdrawing the underutilised capacity;
- the appeals procedure.

C3.2.3 Withdrawal

The capacity holder can lose his capacity rights, partially or completely, without prejudice to other prerequisites established by the national regulatory authority, for a given period or for the remaining term. Furthermore, the capacity holder can be limited in his nomination rights for a given period to the maximum flows of the previous year. The capacity withdrawn or subject to limits to the nomination rights shall be offered on the primary market by the respective transmission system operator.