



Congestion Management

EREG Recommendations for Guidelines
Adopted via a Comitology Procedure

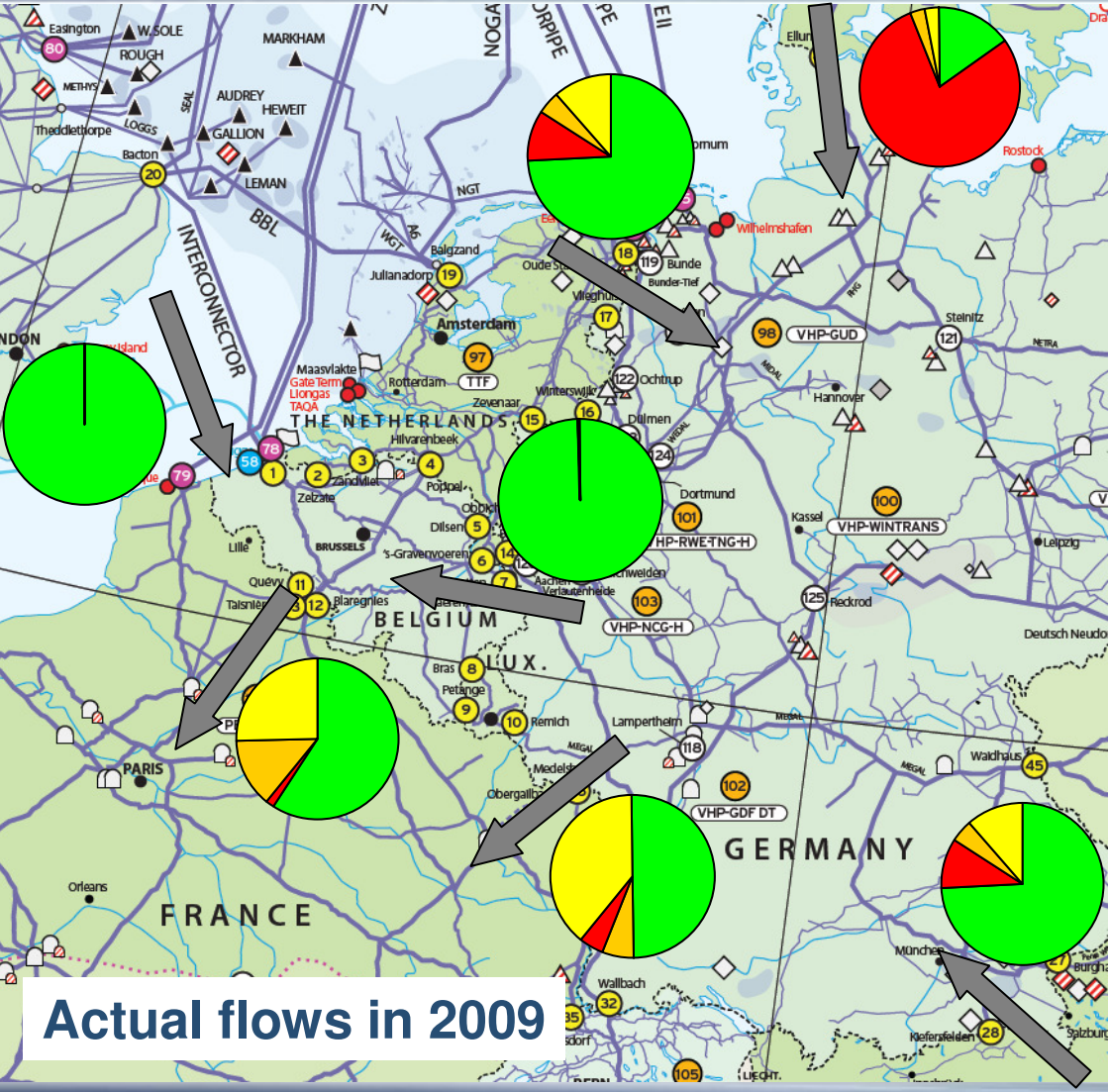
Fiete Wulff (BNetzA)

Brussels 2 February 2010

Physical congestion occurs rarely:



- <70% of technical capacity
- 70-80% of technical capacity
- 80-90% of technical capacity
- >90% of technical capacity



Actual flows in 2009

Source: www.gas-roads.eu

- **Scope of guidelines**

- Rules apply to cross-border points **between adjacent entry-exit-systems** where subject to booking procedures.
- Capacity management clauses in **existing contracts** shall be amended in line with the implemented provisions.
- NRAs shall ensure that TSOs have **incentives** to achieve the aim of Guidelines.

Capacity Maximisation

- TSOs to offer the **maximum amount of firm capacity** that can be offered for use without restrictions.
- Technical capacity to be calculated through transparent methodologies, using **best available** and **cost-efficient procedures**
- **Dynamic calculation** of available capacity – TSOs shall regularly re-calculate capacity based upon actual technical conditions (e.g. temperature)

Oversubscription and Buy-Back

- TSOs to implement mechanisms to offer additional firm short-term and longer term capacity
- Based on statistic scenarios an extra amount of capacity **exceeding the capacity previously calculated** to be offered
- In case of **actual physical congestion** transmission system operators shall tender for **buying back** capacity.
- TSOs to estimate the **possibility and the costs of buying back capacity** on the market and to reflect this in the amount of additional capacity
- The **mechanisms** and possible **transition periods** for the implementation of these mechanisms are subject to review by NRA

Firm day-ahead UIOLI

- Where demand for firm day-ahead capacity exceeds the offer, NRAs to decide on **firm day-ahead UIOLI procedure**
- To this end, NRAs may **reduce or remove** existing **re-nomination rights** reflecting
 - requirements at specific points
 - the share of the booking of particular network users
 - the users' objectively justified needs
- Day-ahead capacity set free by this mechanism to be **allocated by auction** only
- The offer and allocation of day-ahead capacity shall be performed in such a way that buyers can take part in daily gas trading

Withdrawal of Underutilised Capacity

- The procedure requires:
 - shippers request capacity and **unable to obtain** this capacity on the primary or secondary market;
 - capacity holder **systematically underutilizes** allocated capacity
 - capacity owner has not **sold or offered** the capacity and is unable to satisfactorily **justify** the behaviour
- The capacity holder can
 - **lose capacity rights** for a given period or for the remaining term
 - be **limited in nomination rights** for a given period to the maximum flows of the previous year.

Way Forward

- ERGEG sees urgent need to **improve congestion management** in Europe. **Binding rules** are needed for the implementation of harmonised access conditions
- 17th **Madrid Forum**:
 - Forum **appreciated the work done by ERGEG**
 - Commission will consider with priority **adoption of binding guidelines on congestion management** via comitology
 - Stakeholders **invited to submit detailed comments by 26 February 2010**
- **Recommendations** will be **finalised** together with CAM Framework Guidelines
- ERGEG is **prepared to contribute** to the next steps on this issue



Thank You!