The background is a satellite-style image of Europe at night, with city lights visible. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, connecting various points across the continent and extending into the surrounding regions.

Congestion management procedures in
the event of contractual congestion-
amendment of Annex of Regulation
715/2009

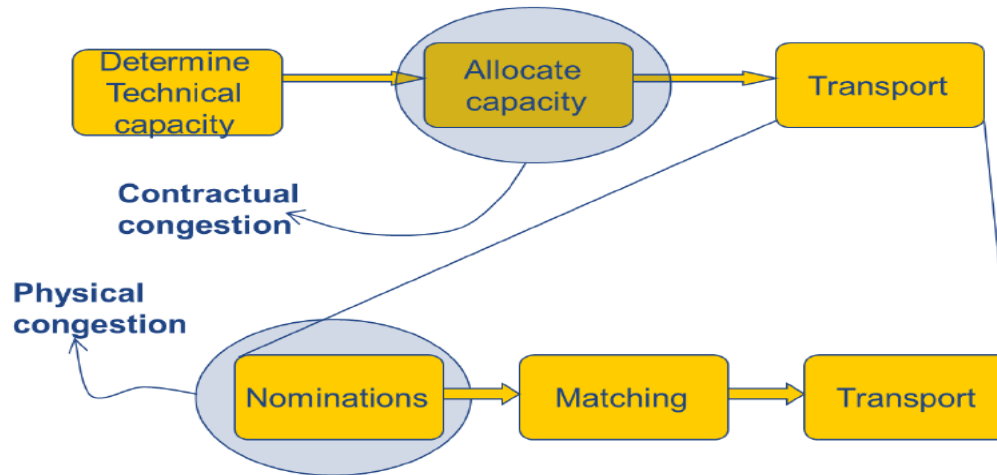
Proposal for implementation in the
Energy Community

1. General provisions i.e. applicability
2. Oversubscription and buy back
3. Firm day- ahead use-it-or-lose-it mechanism
3. Surrender of contracted capacity
4. Long- term use-it-or-lose-it

Congestion Management

> What is congestion?

- “‘contractual congestion’ means a situation where the level of firm capacity demand exceeds the technical capacity;”



General provisions (1)

- Applicability:

- IPs between adjacent entry-exit systems (physical or virtual), subject to booking procedures,
- Between 2 or more MSs, within the same MS, and to third countries if the NRA decides so. **ECS proposal for the Energy Community: between CPs and between CPs and MSs plus reciprocity!**

But not to:

- exit points to end- consumers and DSO networks,
- entry points from LNG terminals and production facilities,
- entry and exit points to storages

General provisions (2)

- Report on congestion at IPs:
 - based on information published by TSOs (in line with Regulation 715!)
 - by 1st March every year (starting 2 years after the expiry of deadline for implementation of the CMP amendment)
 - ACER will prepare monitoring report on congestions with respect to firm capacity products sold in the preceding year. ECS proposal: ECRB in close cooperation with ACER/ACER for IPs between MSs and CPs
- capacity made available through application of these CMP measures shall be offered in the regular allocation process (i.e. CAM NC when applicable!)
- Proposed deadlines: 1st January 2018, firm day-ahead UIOLI as of July 2020

Oversubscription and buy- back scheme

- Offering additional firm capacity on top of technical capacity
- Technical and additional capacity recalculated dynamically
- TSO incentivized i.e. revenues from oversubscription and costs of buy- back shared between TSO and network users
- other CMP measures should be used first
- buy- back applied if delivery is not guaranteed (the sum of nominations higher than technical capacity)
- buy- back scheme should be market- based (e.g. auction)
- before applying buy- back, TSO shall verify whether other technical or commercial measures maintain system integrity more efficiently
- the scheme is proposed by TSO, approved by NRA

Firm day- ahead use-it-or-lose-it (1)

- restriction of re- nomination right
- applied to network users holding more than 10% of average technical capacity in the previous year
- application justified by monitoring report on congestions
- if applied, then no need for oversubscription and buy- back (NRA shall decide)
- so far applied in Austria and Germany, in Romania NRA decision ongoing (according to ENTSOG's report on CMP implementation)

ST UIOLI – Renomination Rules applicable to contracted capacities

Upward Renomination Limitation

Nomination between 0%-80% → Renomination limited to $\leq 90\%$

Nomination $> 80\%$ → half of not nominated range is allowed upwards

Examples:

Initial nomination = 65% of contracted capacity → renomination limited upwards to 90%

Initial nomination = 94% of contracted capacity → renomination limited upwards to 97%

Downward Renomination Limitation

Nomination between 20%-100% → Renomination limited to $\geq 10\%$

Nomination $< 20\%$ → half of nominated range is allowed downwards

Examples:

Initial nomination = 65% of contracted capacity → renomination limited downwards to 10%

Initial nomination = 16% of contracted capacity → renomination limited downwards to 8%

Surrender of contacted capacity

- TSO shall accept any surrender of firm capacity with duration longer than a day
- network user retains its rights and obligations until the capacity is reallocated
- alternative to secondary market
- care should be taken not to incentivize network users to overbook
- surrendered capacity returns to the market as primary capacity
- if several network users offer back the same capacity, the TSO should reallocate in the order the offers arrived

Long- term use-it-or-lose-it

- Anti-hoarding measure against “systematically underutilized contracted capacity”:
 - network user uses on average less than 80% of its contracted capacity both from 1st April till 30 Sep and 1st Oct till 31st March, with an effective contract duration of more than 1 year (applicable to long- term contracts and one year contracts concluded in line with CAM NC)
 - network user systematically nominates close to 100% in order to avoid rules related to FDA UIOLI
- In case of underutilisation a shipper loses its capacity partially or completely after re-allocation by the TSO
- NRA decides based on information provided by TSO

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that curve and intersect across the globe, representing a global energy network.

*Thank you
for your attention!*

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