



Annual report on contractual congestions at interconnection points of the Energy Community Contracting Parties

June 2024



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INTRODUCTION

1. About ECRB

The Energy Community Regulatory Board (ECRB)¹ operates based on the Energy Community Treaty. As an institution of the Energy Community, the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and makes recommendations in the case of cross-border disputes between regulators. ECRB is the independent regional voice of energy regulators in the Energy Community. ECRB's mission builds on three pillars: providing coordinated regulatory positions to energy policy debates, harmonising regulatory rules across borders and sharing regulatory knowledge and experience.

2. Background

Congestion management procedures in the event of contractual congestion have been included in the *acquis communautaire* (acquis) of the Energy Community, in the form of a Decision of the Permanent High Level Group², on 12 January 2018. The deadline for implementation of this decision was set to October 2018. According to paragraph 2.2.1(2) of the Annex 1 to Regulation (EC) 715/2009 on conditions for access to the natural gas transmission networks, as amended at EU level by Commission Decision (EU) 2012/490 of 24 August 2012 and Commission Decision (EU) 2015/715 of 30 April 2015³ (hereafter 'CMP Guidelines'), the ECRB has to publish by 1 June of every year, commencing with the year 2020, a monitoring report on congestion at interconnection points with respect to firm capacity products sold in the previous year, taking into consideration, to the extent possible, capacity trading on secondary market and the use of interruptible capacity.

The present report serves as a basis for implementation of firm-day-ahead use-it-or-lose-it mechanism ('FDA UIOLI'), as prescribed by paragraph 2.2.3 (1) of the CMP Guidelines. Namely, the national regulatory authorities (NRAs; regulators) should

¹ www.energy-community.org. The Energy Community comprises the EU and Albania, Bosnia and Herzegovina, North Macedonia, Georgia, Kosovo*, Moldova, Montenegro, Serbia and Ukraine. Armenia, Turkey and Norway are Observer Countries. Throughout this document the symbol * refers to the following statement: This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Advisory Opinion on the Kosovo declaration of independence.

² Decision No 2018/01/PHLG-EnC of the Permanent High Level Group of the Energy Community of 12 January 2018 on amending Annex I to Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks, as amended at EU level by Commission Decision (EU) 2012/490 of 24 August 2012 and Commission Decision (EU) 2015/715 of 30 April 2015 (https://www.energy-community.org/dam/jcr:c7dde5f9-a070-48c9-9a9e-a07677e7206f/Decision_2018_01_PHLG.pdf).

³ ANNEX I to Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks, as amended at EU level by Commission Decision (EU) 2012/490 of 24 August 2012 and Commission Decision (EU) 2015/715 of 30 April 2015 (https://www.energy-community.org/dam/jcr:d0f7d046-57cb-479a-a39a-9bce06065155/Regulation_715_2009_GAS.pdf).

require transmission system operators (TSOs) to apply FDA UIOLI if, on the basis of this report, it is shown that at interconnection points (IPs) demand exceeded offer at the reserve price when auctions are used in the course of capacity allocation procedures in the year covered by the monitoring report for products for use in either that year or in one of the subsequent two years:

- (a) for at least three firm capacity products with a duration of one month or
- (b) for at least two firm capacity products with a duration of one quarter or
- (c) for at least one firm capacity product with a duration of one year or more or
- (d) where no firm capacity product with a duration of one month or more has been offered.

In the following years, if the ECRB report on contractual congestions shows that a situation described above is unlikely to reoccur in the following three years, the NRAs may decide to terminate the FDA UIOLI mechanism.

3. Scope and methodology

The concept of contractual congestion is defined in Article 2(21) of the Regulation (EC) 715/2009 as a situation where the level of firm capacity demand exceeds the technical capacity. The procedures set by the CMP Guidelines target reducing contractual congestions, if identified. In case the transmission capacity is allocated via auctions, it is clear that a contractual congestion exists, if the auction is cleared with an auction premium.

In the Energy Community Contracting Parties (hereafter 'Contracting Parties'), capacity allocation was performed based on Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) 984/2013 (hereafter 'CAM NC') in the reporting period, in Ukraine, where the CAM NC is applied since June 2020⁴ and Moldova, where it is applied as of November 2022⁵. In Serbia, on the IPs of the transmission system operator *Gastrans*, only non-exempted short-term capacity is allocated based on CAM NC. The information on actual capacity demand and allocation was provided by the NRAs of the Contracting Parties. In addition to capacity demand, other possible indicators of contractual congestion as well as the implementation of the CMP Guidelines were analyzed.

The present report covers IPs between adjacent entry-exit systems between the Contracting Parties with an operational gas market as well as between the Contracting

⁴ Since 06.07.2020, all capacities at IPs are allocated in line with the CAM NC. However, it has to be noted that the allocated capacity is not bundled at IPs, as required by Article 19 of CAM NC. The Ukrainian transmission network code stipulates rules for bundling of capacity at these points, according to which bundling is subject to agreement of neighboring transmission system operators. Such agreements were not in place in 2023.

⁵ As in Ukraine, the capacity is allocated as unbundled.

Parties and neighboring EU Member States, whereby the information on the latter is available only for the Contracting Parties' side of the IP. IPs of Georgia are not covered in this report, as CAM NC is not applicable.

The report reflects the status quo with regard to capacity demand in 2023, 2024 and 2025. The information on the CMP Guidelines' implementation relates to 2023.

FINDINGS

1. Capacity bookings

In 2023, only capacity bookings for that year were recorded at IPs between Contracting Parties and between Contracting Parties and EU Member States, except in Serbia, where transmission system operator Gastrans operates under the exemption regime until 2040 and allocates yearly capacity until then. The summary of capacity bookings is as following:

- **In Moldova**, most of the capacity was allocated on monthly basis, on IPs with Romania (Ungheni) and Ukraine (Grebenyky and Kaushany), but also daily products were booked in the period October-December 2023 (in addition to all mentioned IPs also on IP Oleksiivka). During the auctions, no premium occurred meaning that the criteria prescribed by paragraph 2.2.3 (1) of the CMP Guidelines were not met.
- **In North Macedonia**, all capacity was booked on monthly basis, however not in auctions. In certain months, daily flow peaks were higher than booked capacity, however without causing contractual or physical congestions, because the capacity transmission network charge is still not applied and there is sufficient technical capacity on the IP.
- **In Serbia**, the capacity at IPs is allocated based on the Serbian TSO's *Transportgas Serbia* invitation published on its web page and corresponding applications of network users. In case demand is higher than the available capacity, the allocation is done proportionally to the requests – meaning pro-rata allocation applied in case of congestion). Capacity is offered for the next three gas years. However, the Serbian transmission system operator excluded the entry points Horgos and Gastrans-IP Serbia from the “Invitation for contracting annual firm capacity” in 2023.

For the second TSO in Serbia – *Gastrans*, unbundled short-term capacity at IPs with Bulgaria and Hungary is allocated on the Hungarian booking platform (RBP).

Thus, there are four IPs analyzed in Serbia, where nearly 90% of technical capacity was booked by yearly products at the IP Kiskundorzma 2 (exit point from Serbia to Hungary), the IP Zajecar (entry point from Bulgaria to Serbia), and around 70% of technical capacity was booked by yearly product at the IP Zvornik (exit point from Serbia to Bosnia and Hercegovina). Two shippers ordered yearly capacity at the IP Zvornik, four at the IP Zajecar and two shippers at the IP Kiskundorzma 2. At the IP Horgos (entry point in Serbia from Kiskundorzma in Hungary), two monthly products were booked by one shipper, daily products were booked also by one shipper; the maximal share of booked capacity in technical capacity for daily and monthly products was around 12% in February 2023. In other months, capacity at the IP Horgos was less or not used at all. At *Gastrans* IP Kiskundorzma 2, there was an auction premium for one monthly capacity products (September 2023) and for two daily products in June 2023. Nevertheless, none of the criteria prescribed by paragraph 2.2.3 (1) of the CMP Guidelines were met.

- **In Ukraine**, starting from 6th of July 2020, all IP capacities have been allocated via auctions in accordance with the CAM NC requirements. At the border with Poland, the GSA capacity allocation platform is used, at the other borders the RBP capacity allocation platform. All types of products (quarterly, monthly, daily and intra-day) were offered and booked at almost all IPs. Yearly capacity was booked at the exit IPs to Moldova.

During auctions held in 2023 in Ukraine, none of the criteria prescribed by paragraph 2.2.3 (1) of the CMP Guidelines were met. The auction premium was in place only for one monthly and one daily product. Firm daily capacity products and capacity products with the duration of one month and more were offered at all IPs (where there was a possibility within the requirements of interconnection agreements). The highest number of participants in the capacity auctions was the same as in the previous year – six.

The information on capacity bookings at IPs in Serbia, Ukraine and Moldova is to a certain extent available in Annex I of this report.

Based on the information on capacity bookings in the Contracting Parties in 2023, it can be concluded that there were no contractual congestions on the analyzed interconnection points.

2. Other possible indicators of contractual congestion

In cases where auctioning of capacity was not implemented, another set of indicators was used, as agreed by the ECRB Gas Working Group. These indicators should point out to a demand for capacity exceeding the offer. In this respect, the following aspects were analyzed for the IPs of the Contracting Parties:

- ✓ Whether there was any unsuccessful capacity request;
- ✓ Whether there was any non - offer of capacity;
- ✓ Whether there was any interruptible capacity offer and, if so, whether there was any booking of interruptible capacity; and
- ✓ Whether there was any trade of capacity on secondary market.

The responses reveal that there was no unsuccessful capacity request for the IPs of the Contracting Parties⁶. The transmission system operators of the Contracting Parties did not publish any information on the occurrence of unsuccessful capacity request for firm capacity products.

Non- offer of firm capacity could indicate that the firm capacity is fully booked or that a part of capacity is withdrawn from the market, whereby the first indication may point out to an existence of contractual congestion and the second reveals the lack of third party access to the transmission capacity. In the Contracting Parties, there was no indication of the fully reserved capacity. However, non-offer of capacity by *Transportgas* Serbia, as described in the previous chapter, signals the lack of third-party access on one IP.

Booking of interruptible capacity at an IP, other than for backhaul, may also suggest that capacity demand exceeds capacity offer. It is also a requirement of Article 2.2.1 of the CMP Guidelines to take into consideration the use of interruptible capacity when monitoring congestions at IPs.

In Ukraine, capacity at the IP Uzgorod (entry from Slovakia), IP Orlovka-Isaccea I (entry from Romania) is offered on interruptible basis, as prescribed by the relevant interconnection agreements. However, according to the regulatory authority of Ukraine, these offers of interruptible capacity do not point towards contractual congestions. Rather, capacity is offered on an interruptible basis due to the conditions of Interconnection agreements signed between TSOs.

In Moldova, capacity on exit points with Ukraine: Oleksiivka, Grebenyky and Caushany, is also offered on interruptible basis. Similarly to Ukraine, the usage of interruptible capacity does not point out to contractual congestion.

ECRB investigated whether there was any trading of IP capacities on the secondary market in 2023. Based on the information provided by the NRAs, there was no such a

⁶ One unsuccessful request for monthly capacity product- September 2023, occurred in Serbia, however not due to the lack of capacity, but insufficient credit support.

commercial activity in the Contracting Parties except for Serbia where the transfer of monthly and daily capacities took place at two IPs (the IP Kiskundorzma 2 – monthly capacity, the IP Zajecar – monthly and daily capacity).

3. Implementation of congestion management procedures

Application of congestion management procedures in the event of contractual congestion is an obligation introduced by the CMP Guidelines. Capacity made available after congestion management procedures has to be offered by transmission system operators in the regular allocation process. For the purpose of this report, the regulators were asked to provide an overview of the congestion management procedures implemented by their respective transmission system operators.

The responses showed that only in Ukraine CMP measures are stipulated in the applicable rules (transmission network code), namely a long-term use-it-or-lose-it mechanism, surrender of contracted capacity and oversubscription and a buy-back scheme.

In all other Contracting Parties, none of the congestion management procedures was applied until June 2024.

CONCLUSIONS AND RECOMMENDATIONS

Identification of possible contractual congestions in the Contracting Parties was carried out by analyzing the capacity bookings performed by using auctions (Ukraine, Moldova and one TSO in Serbia), but also other methods of allocation. The information was provided by the NRAs of the Contracting Parties. Additionally, other possible indicators of contractual congestion as well as the implementation of CMP Guidelines were analyzed.

Based on the information on capacity bookings in the Contracting Parties in 2023, it can be concluded that there were no contractual congestions on the analyzed interconnection points. Other possible indicators did also not point out to existence of contractual congestions. Therefore, with reference to Articles 2.2.1 and 2.2.3 of CMP Guidelines, **the ECRB concludes that the national regulatory authorities of the Contracting Parties do not have to request transmission system operators to apply firm day-ahead use-it-or-lose-it mechanism.**

Although the ECRB identified a number of obstacles stemming from data availability, consistency and reliability during this analysis, the compliance **with transparency related provisions of Regulation (EC) 715/2009 and, in particular, Annex I of that Regulation, improved over the years. The transmission system operators are encouraged to further increase transparency.**

Finally, ECRB invites Governments, national regulatory authorities and transmission system operators of the Contracting Parties to **enable full implementation of the CMP Guidelines** where it has not been reached so far. **Furthermore, implementation of CAM NC on interconnection points between the Contracting Parties and between the Contracting Parties and EU Members States, including the allocation of bundled capacity, is strongly recommended for the benefit of better market integration.**

ANNEX I - TECHNICAL AND BOOKED CAPACITY

Information on capacity	
Interconnection point	
IP Kiskundoroszma - Horgos) Hungary to Serbia	<p>Technical capacity: 141,977,184 kWh/day</p> <p>In two months (January and February) monthly products were booked and 60 daily products in six months (February, March, April, October, November and December). One shipper booked monthly and daily capacity.</p> <p>The highest average daily product capacity was recorded in December – 38,037,000 kWh/day.</p>
IP Zvornik Serbia to Bosnia and Herzegovina	<p>Technical capacity: 21,129,833 kWh/day</p> <p>Booked yearly capacity in 2023: 14,301,742 kWh/day for January-September and 14,312,816 kWh/day for October-December. Two shippers booked yearly capacity.</p>
IP Zajecar Bulgaria to Serbia	<p>Technical capacity: 366,731,712 kWh/day</p> <p>Booked yearly capacity: 330,053,520 kWh/day. Four shippers booked yearly capacity.</p> <p>Quarterly capacity was booked for April-June and for July-September. One shipper booked quarterly capacity.</p> <p>In nine months (all months except March, June and November), monthly products were booked and 139 daily products in nine months (all month except February, March and September). The highest average daily product capacity was recorded in October – 10.474.839 kWh/day.</p>

<p>IP Kiskundorzma 2 Serbia to Hungary</p>	<p>Technical capacity: 245,765,592 kWh/day</p> <p>Booked yearly capacity: 221,189,016 kWh/day. Two shippers booked yearly capacity.</p> <p>Quarterly capacity was booked for April-June and for July-September. One shipper booked quarterly capacity.</p> <p>In nine months (all months except March, June and December), monthly products were booked and 114 daily products in seven months (all months except February, March, August, September and November). The highest average daily product capacity was recorded in June – 8.820.038 kWh/day.</p>
<p>IP Zdilovo – Kuystendil Bulgaria to North Macedonia</p>	<p>Technical capacity: 32,470,000 kWh/day.</p> <p>In all twelve months 33 monthly products were booked. Two, three or four shippers booked monthly capacity.</p>
<p>GCP System/UA (VIP) Gaz- TSO Ukraine to Poland</p>	<p>Technical capacity: 137,256,000 kWh/day.</p> <p>Daily products as well as one monthly products were booked. The biggest amount of capacity was allocated as a daily product – 9,925,438 kWh/day.</p>
<p>GCP System/UA (VIP) Gaz- TSO Poland to Ukraine</p>	<p>Technical capacity: 137,256,000 kWh/day.</p> <p>Monthly, daily and within-day products were booked. The biggest amount of capacity was allocated as a daily product – 24,845,423 kWh/day.</p>
<p>IP Budince Slovakia to Ukraine</p>	<p>Technical capacity: 446,880,000 kWh/day</p> <p>Quarterly, monthly, daily and within-day capacities were booked.</p> <p>The biggest amount of capacity was allocated as daily product– 152,525,729 kWh/day.</p>
<p>IP Budince Ukraine to Slovakia</p>	<p>Technical capacity: 202,160,000 kWh/day</p> <p>Monthly capacity products were only booked with the maximum amount of 15,901,480 kWh/day.</p>

IP Uzgorod - Velke Kapushany, Ukraine to Slovakia	Technical capacity: 2,989,840,000 kWh/day Daily capacities were booked. The biggest amount of capacity was allocated in the amount –7,898 kWh/day.
IP Uzgorod - Velke Kapushany Slovakia to Ukraine	Technical capacity: 2,989,840,000 kWh/day Only daily capacities were allocated. The biggest amount allocated was 13,832,000 kWh/day.
VIP Bereg Hungary to Ukraine	Technical capacity: 1,982,072,000 kWh/day. Monthly, weekly and daily and within-day capacities were allocated.
VIP Bereg Ukraine to Hungary	Technical capacity: 982,072,000 kWh/day Monthly, weekly and daily and within-day products were booked. The biggest amount of capacity was booked with daily allocation – 1,018,008 kWh/day.
IP Orlovka - Isaccea I Romania to Ukraine	Technical capacity: 122,360,000 kWh/day. Quarterly, monthly and daily products were booked. The biggest amount was 35,995,120 kWh/day.
IP Orlovka - Isaccea I Ukraine to Romania	Technical capacity: 203,224,000 kWh/day. Daily products were booked. The biggest amount of capacity was allocated as daily product – 12,560,871 kWh/day.
IP Oleksiivka Ukraine to Moldova	Technical capacity: 84,056,000 kWh/day. Yearly, monthly, daily and within day products were booked. The biggest amount of capacity booked was 13,832,000 kWh/day.

IP Ananiv Ukraine to Moldova	Technical capacity: 84,056,000 kWh/day Not used in 2023.
IP Lymanske Ukraine- Moldova	Technical capacity: 7,660,800 kWh/day Not used in 2023.
IP Lymanske Moldova to Ukraine	Technical capacity: 23,400,000 kWh/day Not used in 2023.
IP Grebenyky Ukraine to Moldova	Technical capacity: 383,040,000 kWh/day. Yearly, monthly, daily and within day products were booked. The biggest amount of capacity was allocated in the amount of 50,008,000 kWh/day.
IP Grebenyky Moldova to Ukraine	Technical capacity: 42,134,400 kWh/day. Monthly and daily products were booked. The biggest amount of capacity allocated was 50,008,000 kWh/day.
IP Kaushany Moldova to Ukraine	Technical capacity: 383,040,000 kWh/day Yearly, quarterly, monthly and daily products were booked. The biggest amount of capacity was allocated in the amount of 5,852,000 kWh/day.
IP Kaushany Ukraine to Moldova	Technical capacity: 127,680,000 kWh/day Quarterly, monthly and daily products were allocated. The greatest capacity allocated was 35,995,120 kWh/day
Data by ANRE	
IP MD-RO Ungheni	Technical capacity: 21,599,831 kWh/day Not used in 2023.
IP RO-MD Ungheni	Technical capacity: 55,704,552 kWh/day Monthly products were allocated in the period May-November 2023; The highest average daily product capacity was recorded in October – 11,898,708 kWh/day.

<p>IP UA-MD Oleksiivka</p>	<p>Technical capacity: 83,740,000 kWh/day</p> <p>Daily products were allocated in the period September-December 2023; the highest average daily product capacity was recorded in November- 1,529,600 kWh/day.</p>
<p>IP MD-UA Oleksiivka</p>	<p>Technical capacity: 127,200,000 kWh/day</p> <p>Daily products were allocated in the period September-October 2023; the highest average daily product capacity was recorded in November- 2,121,060 kWh/day.</p>
<p>IP UA-MD Grebenyky</p>	<p>Technical capacity: 381,600,000 kWh/day</p> <p>Daily products were allocated in the period October-December 2023; the highest average daily product capacity was recorded in December- 47,601,752 kWh/day.</p>
<p>IP MD-UA Grebenyky</p>	<p>Technical capacity: 41,976,000 kWh/day</p> <p>Monthly capacity was allocated in October 2023 and daily capacity in September 2023. The highest average daily product capacity was recorded in December- 11,436,521 kWh/day.</p>
<p>IP UA-MD Kaushany Caushany</p>	<p>Technical capacity: 127,200,000 kWh/day</p> <p>- Monthly capacity was allocated in October 2023 and daily capacity in September and October 2023. The highest average daily product capacity was recorded in December- 17,982,075 kWh/day.</p>
<p>IP MD-UA Caushany Kaushany</p>	<p>Technical capacity: 381,600,000 kWh/day</p> <p>- Used in November and December 2023, with the peak of 13,173,582 kWh/day.</p>