

ACER



Agency for the Cooperation
of Energy Regulators

Implementation of congestion management rules in the EU

ACER's CMP Implementation Monitoring Report (2016 update)

**3rd Meeting on Implementation of the Gas
Network Codes in the Energy Community**

20 October 2016

1. Congestion Analysis

2. Main Results of CMP IMR

3. CMP Indicators

4. Conclusions

Gas Regulation – Art. 2(21):

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

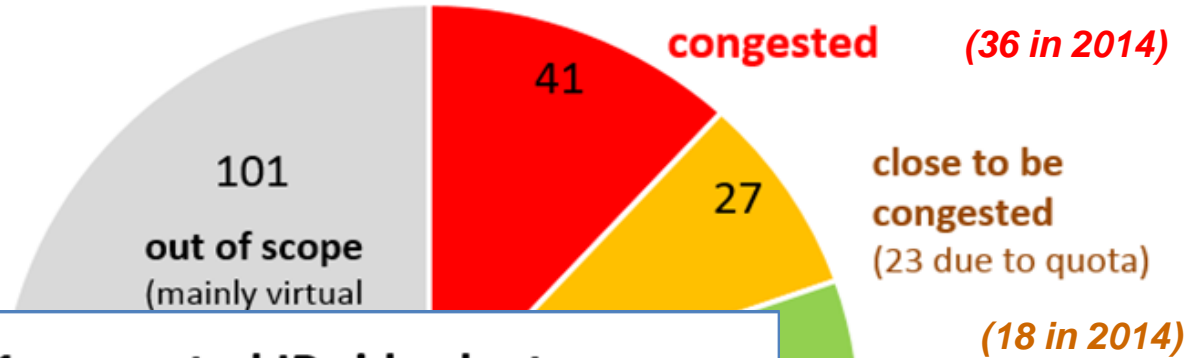
CMP Guidelines:

- **para. 2.2.1 (2)**: Agency to publishing a yearly monitoring report on contractual congestion at interconnection points ('IPs').
- **para. 2.2.3(1)**: Capacity demand exceeds offer at IP sides (at the reserve price in case of auctions) in the monitored year (Y_1) for products for use in Y_1 or Y_2 or Y_3 (i.e. 2015-2016-2017)
 - (a) for at least 3 firm monthly capacity products **or**
 - (b) for at least 2 firm quarterly products **or**
 - (c) for at least 1 firm product with a duration of 1 year or more **or**
 - (d) where **no firm capacity product** with a duration of **1 month or more** was offered.

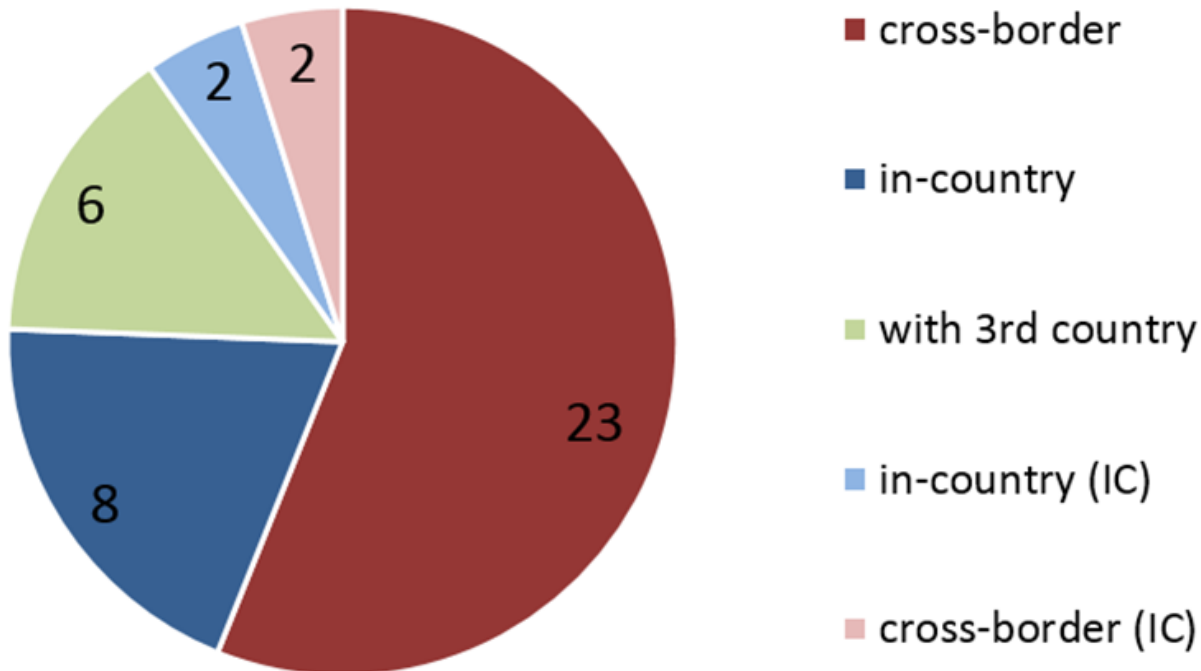
→ FDA UIOLI shall apply as from 1.7.2016 at those IP sides, where at least one of the criteria a) - d) was met

Congestion Results for 2015

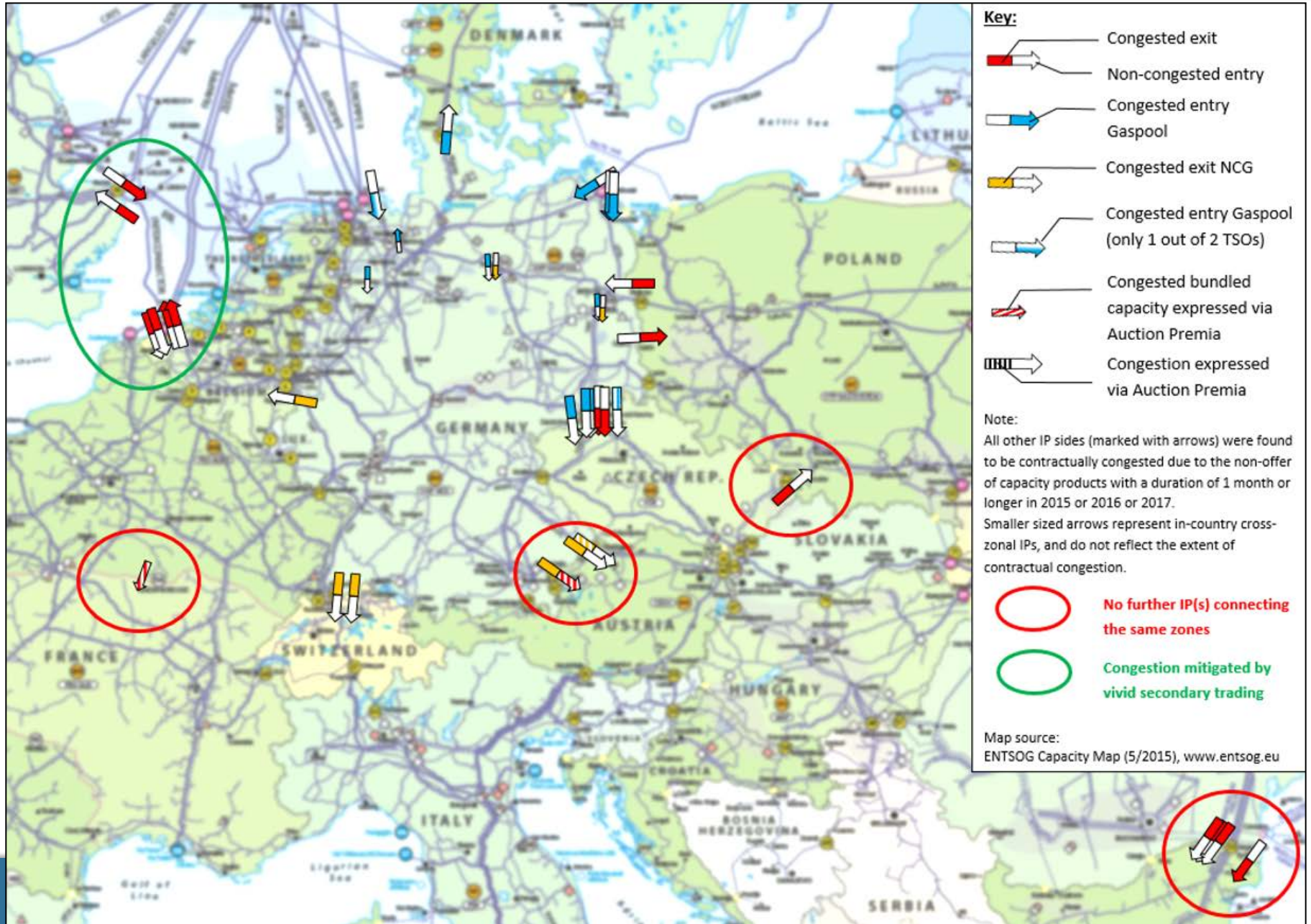
Results of congestion analysis of 347 IP sides



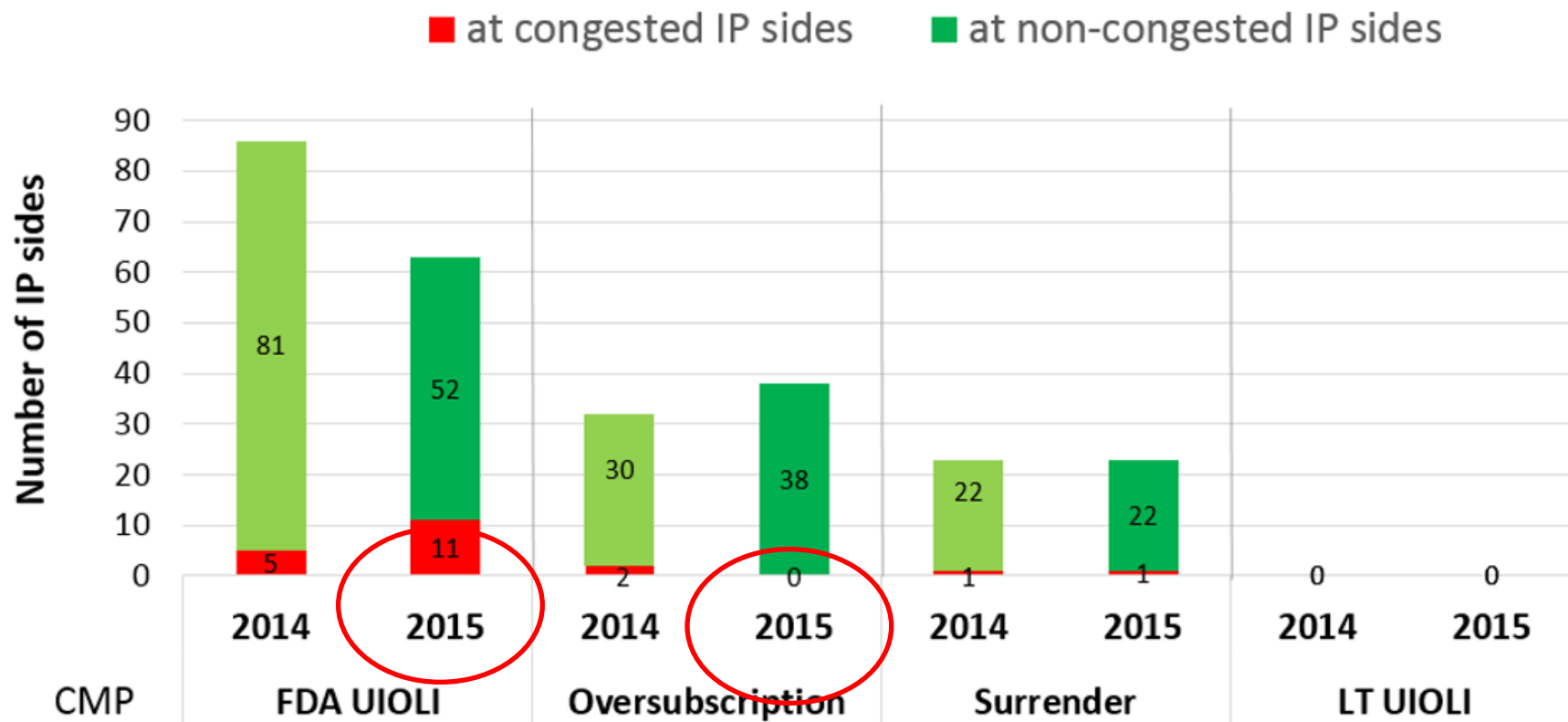
Breakdown of the 41 congested IP sides by type



Map of 41 congested IP sides (2015)



CMPs leading to additional capacity availability at congested vs. non-congested IPs in 2014 & 2015



Data source: ENTSOG TP

→ OS&BB not applied at congested IPs
→ FDA UIOLI applied at 11 congested IPs

- **Reference period: 2015 - 2017**
- **41 contractually congested IP sides in the EU in 2015** (2014: 36 instances)
~17% of 246 IP sides within CMP GL's scope, **36 triggered by lack of offered capacity**

→ FDA UIOLI mechanism already applied at 22 (of the 41) IP sides

→ FDA UIOLI to be implemented at 19 IP sides by 1 July 2016

- **20** of the identified IP sides were already congested in 2014, 10 of those even in 2013
- **Physical congestion:** indicated by actual interruptions of interruptible capacity, occurred at **9** of the contractually congested IP sides (mostly only for a few days)
- According to ENTSOG data, application of CMPs yielded additional capacity offers **only at borders of 6 MS**

→ CMP data on ENTSOG's Transparency Platform still incomplete!

→ Improve definition of contractual congestion? → „Call for Evidence“

Congestion Results → stakeholders doubt whether « **congestion criteria leading to FDA UIOLI** » **correctly identify actual problematic situations** of contractual congestion

→ Agency asked for concrete suggestions to improve criteria, that are supposed to:

- appropriately reflect / describe circumstances that identify persistent existence of contractual congestions at IP sides,
 - are objective and replicable,
 - be based on data which is or will have to be made available at least to the Agency in a timely manner,
 - and be applicable - with reasonable efforts - across the EU
-
- « Call for Evidence » (Stakeholder Survey) Aug. – Sept. 2016: only 15 responses + diverse NRA views
 - ACER/NRA will evaluate responses and consider potential amendments to the CMP GL

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Diagnosis of most respondents: congestion criteria do NOT accurately reflect contractual congestion (they produce false-positives)

- The sole occurrence of Premia for Y/Q/M products or non-offer of capacity:
 - does not mean that shippers have difficulties to access cross-border cap.
 - does not regard possible DA / WD offers, or offers on the 2ndary market

2

Proposals: Before enforcing FDA UIOLI, NRAs should consider:

- The availability of capacity on a liquid **2ndary cap. market**
- The availability of long-term **interruptible** capacity
- The **probability** of interruptible cap. to be interrupted
- The availability of **CMP capacity** (e.g. through OS&BB)
- The volume of unsuccessfully requested capacity
- **Instances where firm capacity is not being used and there is a gas price spread between markets**

Already
assessed in
ACER's
Congestion
Reports

New
proposal

The majority of respondents asks for:

- » **Non-automatic use of FDA UIOLI** (when current CMP indicators are met)
- » **Possibility for NRA discretion** to decide on FDA UIOLI implementation
- » **Harmonisation of the rules** at both sides of the IPs

- **Criterion 2.2.3.1d: Offer of all 12 months necessary for non-congestion?**
 - » Some consider this **too strict**: i.e the non-offer of all 12 months may be due to maintenance
 - » **Focus on monthly products during winter** (higher demand)
- **Extend the scope of congestion to the day-ahead timeframe?**
 - » No clear-cut opinions
- **Should the Agency also assess physical congestion?**
 - » No. This is part of **NC CAM INC process** (market demand assessment) + ENTSOG's **TYNDP**
- **Until when shall the Agency provide congestion reports?**
 - » No clear views on this topic. **Analysis could be included in the MMR.**

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CMP Implementation Monitoring (Update 2016 – status as of 6/2016):

Member States	BE ¹	CZ	DE	EL	FR ²	SI	SK	AT	DK	UK ¹	HR	IE	LT	NL ¹	PL	ICs ¹	ES ²	HU	IT	PT ²	BG	RO
OS&BB/FDA	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Red	Red	Red
SURRENDER	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Yellow	Red	Red
LT UIOLI	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Yellow	Red	Red

FDA UIOLI implemented / upcoming

- Implementation by the deadline
- Implementation in 2014, 2015
- Implementation expected in 2016, 2017

**Full implementation
in BG, HU, RO
expected 2016/17.**

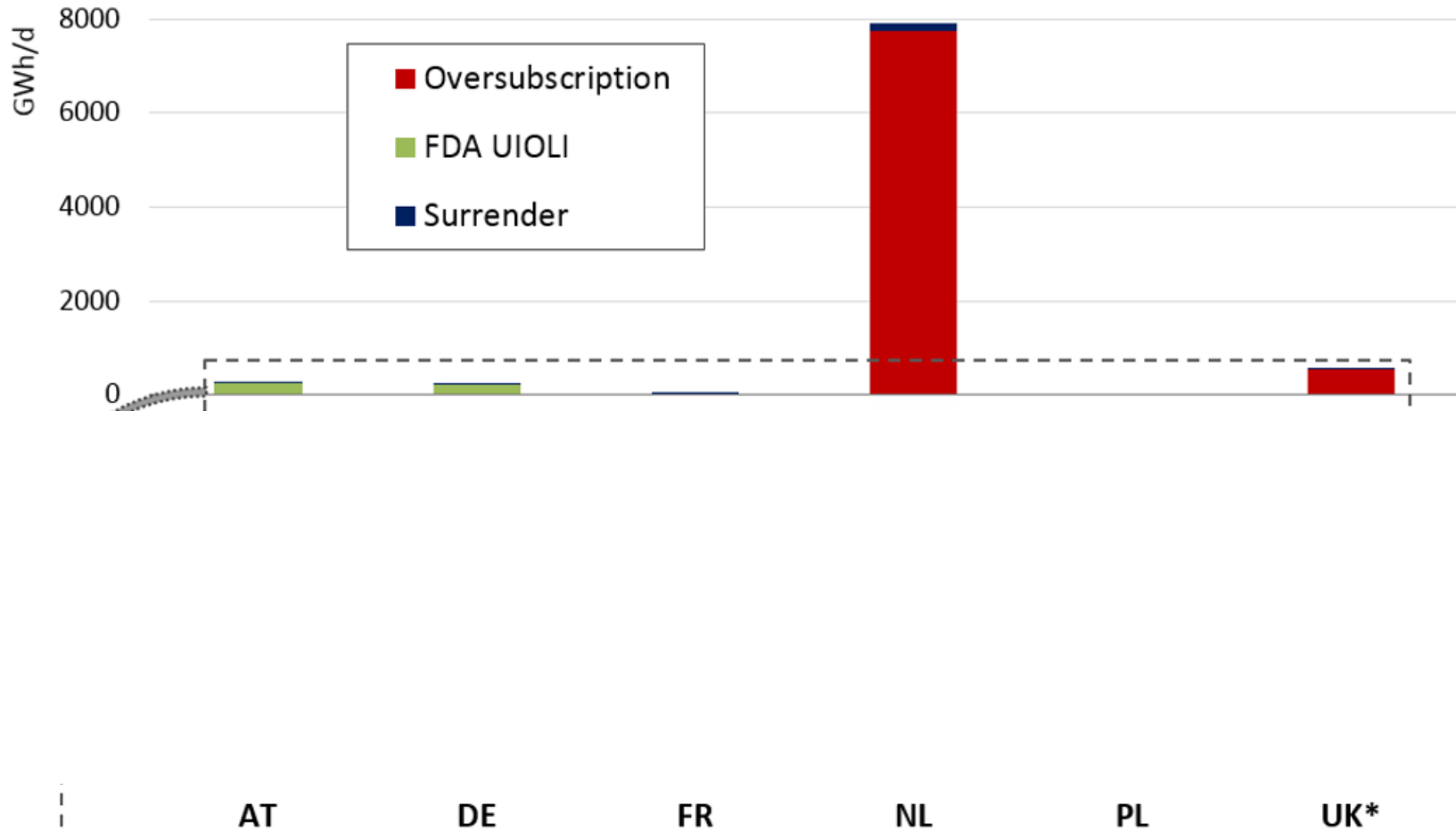
ICs: Interconnectors (BBL, IUK, Premier Transmission)

¹ The UK, NL, BE have coordinated the LT UIOLI mechanism including BBL & IUK

² The South region (France -Tigf-, Spain and Portugal) intend to apply fully coordinated CMPs by 2017

Average daily capacity made available via CMPs in 2015 for use in 2015 (kWh/d)

Chart Area



Data source: ENTSOG Transparency Platform, CMP section, 02/16

* includes IUK data (daily avg. 9/15-12/15), sent to ACER 26.5.16

CMP application (number of days for which capacity was offered; products beyond 1 day's duration have been converted into days)	CMP	MS involved	Number of (cross-zonal) borders involved	Number of IP sides involved	Total number of days	
	OS	NL		7	31	21033
		UK*		2	3	6
		PL		1	2	36
		FR		2	2	145
	BB	none		0	0	0
	FDA UIOLI	AT		7	11	3799
		DE		17	52	11401
	Surrender	NL		6	14	2837
		PL		0	0	0
UK*			0	0	0	
FR			2	2	58	
AT			3	3	922	
DE			4	4	196	
LT UIOLI	none		0	0	0	
Total	AT, DE, FR, NL, PL, UK		51	124	40433	

* excluding IUK data

1. Congestion Analysis

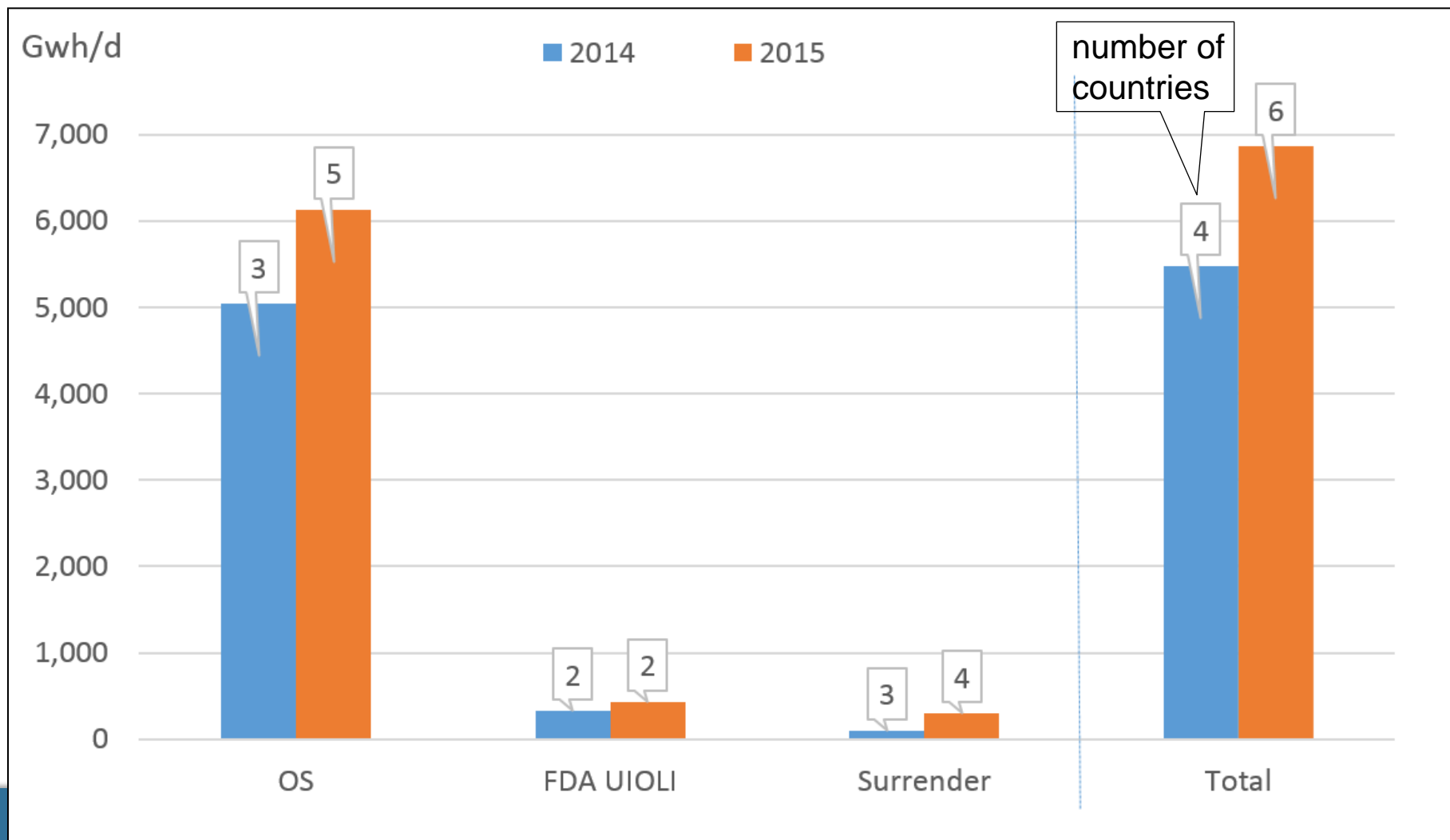
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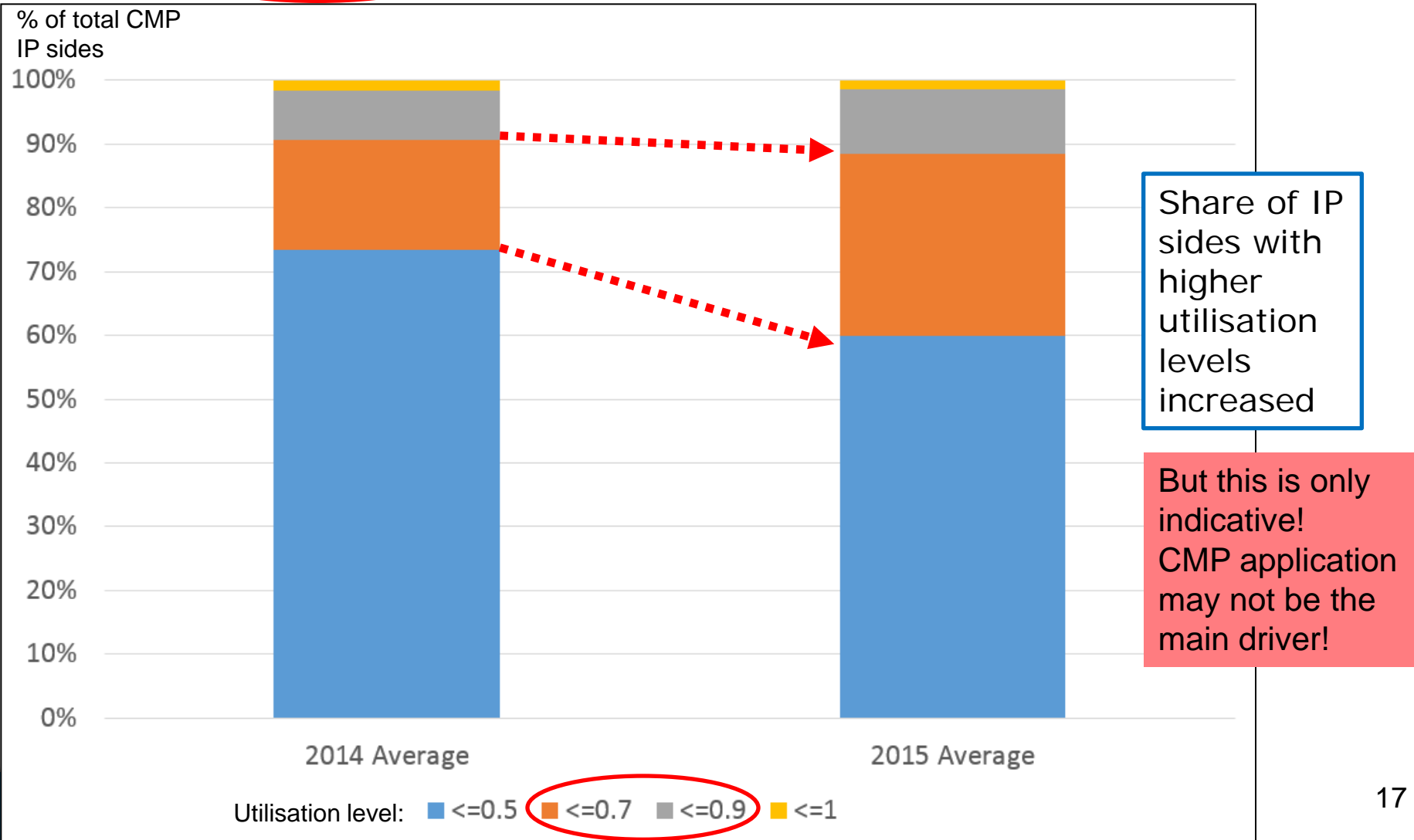
CMP.1: Evolution of the application of CMPs:

→ Capacity volumes made available by each CMP



CMP.3: Aggregated utilisation of booked capacity at IPs

→ Total **physical flows** / total booked firm + int. capacity



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Transparency: TSOs / NRAs / ENTSOG

- **Ensure full availability and high quality of Transport & CMP data** on ENTSOG's TP (e.g. auction results, data on all non-available products, bundles)
- **Use a consistent “unique identifier” at ENTSOG's TP, Booking Platforms, Maps, NC CAM / CMP IP scope lists** for efficient & automated data processing
- Standardise reporting of auction results across the booking platforms

Policy: European Commission:

- EC shall consider clarifying in the CMP GL:
 - scope of monthly non-offers, reporting termination, FDA UIOLI impl. period
- EC may consider:
 - extending the scope of congestion to the DA level between hubs requiring the Agency to assess auction premia / non-offer of firm DA products at a cross-zonal level, which may then require the FDA UIOLI to enable a short-term gas market price convergence
 - clarifying that Art. 6 NC CAM on dynamic cap. calculation takes priority over the application of oversubscription at a yearly, quarterly and monthly level

Conclusions (largely congruent w/ the ones from the 2014 report):

- No full implementation (**still by 7 MS**) and limited application of CMPs (**only in 6 MS**) so far
- Dynamic re-calculation of technical and additional capacity to be improved (**still by 7 MS**)
- Surrender products' range to be enlarged (**still by 6 MSs**)
- NRAs to facilitate better data reporting to the Agency and of their TSOs to ENTSOG TP
- Harmonisation of CMP application could be further improved
- **ENTSOG's Transparency Platform transport and CMP data availability and quality for CMP indicator calculations should be further improved**
- **Indicator results not yet fully reliable / significant**
→ longer assessment periods required to observe trends

Thanks for your attention!

Questions or comments?

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