1st ACER Monitoring Report on Congestion

Thomas Hölzer
SNE, ACER Gas Department

2nd ACER workshop on Gas Target Model review
Ljubljana, 19.03.2014
Content

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• Data sources used
• General findings & constraints
• Detailed exemplary results
  - Summary table on congested IP sides
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• Recommendations

DISCLAIMER: The opinions expressed in this presentation do not necessarily represent the official views of the Agency.
Scope of Congestion Report

CMP Guidelines’* section 2.2.1.2 requires ACER to publish a monitoring report on congestion at interconnection points (IPs)

- by **1 March** of every year (commencing 2014)
- with respect to firm capacity products sold in preceding year → i.e. products **sold in Q4/2013** for use 1.10.13 - 31.12.15
- based on data published on ENTSOG’s Transparency Platform
- taking into consideration
  - capacity trading on the secondary market
  - use of interruptible capacity
- IP Scope: NC CAM IP scope list, part I: **352 IP "sides"**
  - 47 bidirectional + 50 unidirectional IPs (NC CAM applies on **both sides**)
  - 4 bidirectional + 24 unidirectional IPs (NC CAM applies on **one side only**)

What is Congestion?

Art. 2 of Regulation (EC) No 715/2009 defines:

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

- "physical congestion’ means a situation where the level of demand for actual deliveries exceeds the technical capacity at some point in time;’’

➢ Contractual congestion can be countered by CMPs.

➢ CMPs are ineffective in case of physical congestion. Instead, investments or contractual arrangements (e.g. flow commitments) may help relieve physical congestion.

→ Focus of report is on contractual congestion (not on capacity hoarding → NRAs)
Main purpose of Congestion Report

Identification of IP sides where the Firm Day Ahead Use-It-Or-Lose-It has to be applied (by 1.7.2016), if the yearly Report on Congestion shows that the following conditions (of paragraph 2.2.3 of the CMP Guidelines) are met:

→ Demand > offer at IPs (at reserve price in case of auctions) in year $Y_M$ for products for use in $Y_M$ or $Y_M + 1$ or $Y_M + 2$

(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 $\geq 1$ year or
(d) where no firm capacity product with a duration of $\geq 1$ month was offered.

Further indicators for ‘demand > offer’ (= contract. congest.):
booking of interruptible capacity on top of fully booked firm capacity, unsuccessful requests, occurrence of auction premium
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<th>Data on Unavailable firm capacity</th>
<th>Data on Unsuccessful Requests</th>
<th>Capacity made available</th>
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(P): Partial information
(*): Currently there are no request for firm capacity products on this point with a duration of one month or longer that were not successfully fulfilled.
(**): Currently no capacity has been made available on this point through the application of the congestion-management procedures.
(NP): Currently there are no firm capacity products on this point with a duration of one month or longer auctioned having cleared with an auction premium.
(N/A): Not applicable
CAM: Info on type of capacity allocation mechanism
Poor data quality limits quality of report

1. ENTSOG Transparency Platform & TSO files:
   - data via IT provider, no auction results
   → problems with completeness & quality

2. PRISMA Primary:
   - auction reports published monthly
   - easy to use and filter relevant info
   - only data of participating TSOs

3. PRISMA Secondary/CAPQUARE/TSOs:
   - access only via TSOs/NRAs
   - only limited data from DE, FR, (BE)

4. ACER’s CMP online survey (2 questions):
   - 41 TSOs (w/o derogated TSOs: FI, EE, LV)
   - good response: ~37 TSOs (though some incomplete)
Main findings of the analysis

- Congestion observed at least on 1/3 of relevant IP sides (118/352)

- At least 45 congested IP sides (where FDA UIOLI is not yet applied) are potentially subject to mandatory application of FDA UIOLI by 1.7.2016, if congestion persists in 2014/15.

- Most congestion identified in NW Europe (most data available!), but also congested IPs in Central East and Southern Europe

- CMPs are not yet applied widely (Oversubscription on 5, Surrender on 4 IP sides; no LT UIOLI), except for FDA UIOLI (applied at 72 IP sides in DE & AT)

- Secondary capacity trading is limited (but little insight) (55 deals 16 IPs on PRISMA Secondary & CAPSQUARE in Q4/13)
Constraints

Beyond data inconsistency, the following constraints limited the reliability of the results in this first congestion report:

- only one quarter (Oct. to Dec. 2013) covered, which did not allow for coverage of e.g. yearly auctions in March
- data quality / missing data on the ENTSOG TP;
- data quality and completeness were not validated by either ENTSOG, all TSOs or NRAs.

Report **cannot** provide complete overview on all congestions in EU *(just an indicative minimum!)*

NRAs shall further investigate congestion case-by-case *(also on IP sides where no congestion has been identified in this report.)*
## Findings from PRISMA auction analysis

In Q4/2013, only Oude Statenzijl H (GUD entry) had auction premiums for 3 months indicating contractual congestion (according to paragraph 2.2.3 (a) of the CMP Guidelines)

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<th>Direction 1</th>
<th>TSO 2</th>
<th>Direction 2</th>
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<th>Oct-13</th>
<th>Nov-13</th>
<th>Dec-13</th>
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"Results"
## Summary table of congested* IP sides

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### Results

- **Available firm capacity?**
- **Congestion?**
- **Interruptible capacity?**
- **Secondary Market?**

### Notes

- CMP GL 2.2.3 (d): No firm capacity product with a duration of ≥ 1 month was offered.

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2nd ACER Gas Target Model workshop, Ljubljana, 19.03.2014
Contractual congestion according to CMP 2.2.3 (1) (TSOs answers + ENTSOG TP)

Map source: ENTSOG Capacity Map (July 2013)
http://www.entsog.eu/maps/transmission-capacity-map
Exemplary Results

Analysis of bookings & flows at IPs

Bacton NTS Exit (IUK)

- Total booked (firm + interruptible)
- Technical firm (fully booked)
- Physical flow

Example

2nd ACER Gas Target Model workshop, Ljubljana, 19.03.2014
Analysis of bookings & flows at IPs

Exemplary Results

Bocholtz exit (GTS)

- Total booked (firm + interruptible)
- Technical firm (fully booked)
- Renomination

Gas days

0 100 200 300 400 500 600
Potential future enhancements

- Analysis of the *relative importance* of each of the 4 conditions triggering the application of FDA UIOLI at congested IP sides
- Inclusion of *capacity volume* offered to the market due to the application of CMPs
- Include impact of capacity calculation methodologies on (increased) capacity offer by TSOs, incl. the *additional amount of bundled capacity* *(according to Art. 6 (4) NC CAM)*

- Assessment of links between capacity *booking levels* and price spreads between adjacent markets;

- Analysis of *utilisation levels* of capacities at IPs:
  → NRAs to check for potential capacity hoarding *(according to 2.2.5 CMP GL)*
Recommendations

Recommendations for future reports

• **ENTSOG, TSOs and TSO-led platforms**
  → to improve data availability, quality and consistency

• **European Commission**
  → to shift the reporting period and yearly due date of the report by one quarter to 1 June (to cover March auctions and analyse data)

• **NRAs**
  → to support quality check of data and verify validity and completeness of ‘their’ TSO data
Publication & Feedback

1st ACER Congestion Report is published on ACER’s website since 28.02.2014:


→ Your feedback is appreciated!
Mail to: cmpsurvey@acer.europa.eu
Thank you for your attention!

www.acer.europa.eu
Legal basis:


„CMP Guideline“ section 2.2.1.2:

“On the basis of the information published by the transmission system operators pursuant to Section 3 of this Annex and, where appropriate, validated by national regulatory authorities, the Agency shall publish by 1 March of every year, commencing with the year 2014, a monitoring report on congestion at interconnection points with respect to firm capacity products sold in the preceding year, taking into consideration to the extent possible capacity trading on the secondary market and the use of interruptible capacity.”
Contractual congestion
North–West region

Map source: ENTSOG Capacity Map (July 2013)
http://www.entsog.eu/maps/transmission-capacity-map
Contractual congestion
South region

Map source: ENTSOG Capacity Map (July 2013)
http://www.entsog.eu/maps/transmission-capacity-map
Contractual congestion
South South-East region

Map source: ENTSOG Capacity Map (July 2013)
http://www.entsog.eu/maps/transmission-capacity-map
Exemplary Results

Analysis of bookings & flows at IPs

Baumgarten (exit, Eustream)

- Total booked (firm + interruptible)
- Technical firm
- Commercial flow

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