



Congestion management procedures

Commission proposal for guidelines to be adopted via
a comitology procedure

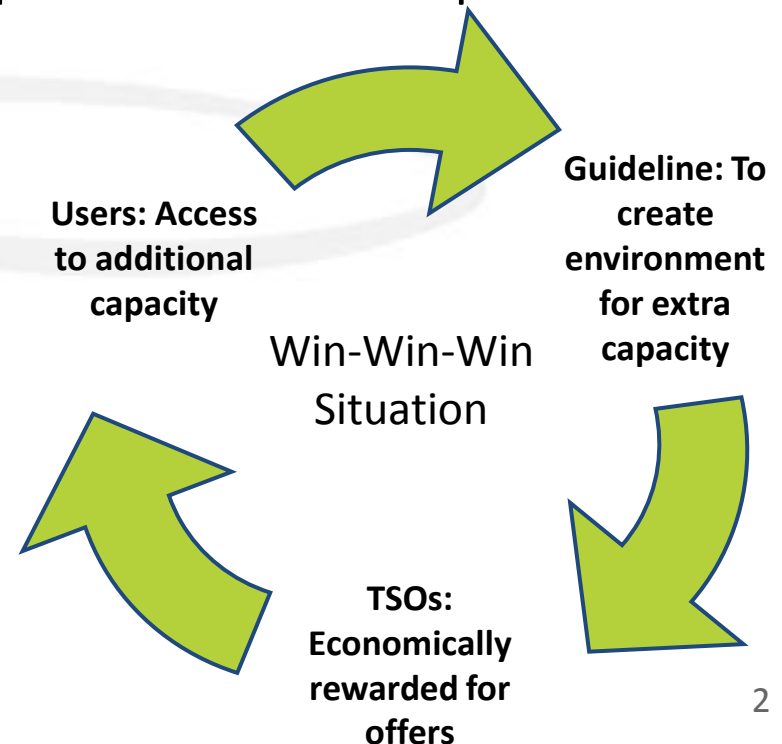
Frank Roessler
Subject Manager

Madrid Forum XVIII – 27th/28th September 2010

EC CMP Proposal for Comitology

General Position

- ENTSOG welcomes principles that lead to an increase of available capacity
- ENTSOG supports a harmonised approach via NRA cooperation
- ENTSOG considers appropriate incentive regimes for both TSOs and Users as a precondition in order to achieve a well functioning and balanced redistribution of capacity in case of contractual congestion



EC CMP Proposal for Comitology

General Position

- CMP provisions need to consider the interlinks with CAM
- TSOs and Users rely on stable contractual conditions
 - Changing contract agreements will possibly change their value and introduces the risk of legal challenges
 - Termination of contracts could lead to Stranded TSOs assets / Undue financial risks / Substantial impacts on transmission tariffs / Security of Supply issues

Persistence of existing contracts are a prerequisite

Initial Observation

Capacity Increase by Oversubscription and Buy-Back

- ENTSOG is supportive of measure if
 - Appropriate incentives as precondition for an optimised over-selling of capacity are defined
 - The amount of capacity to be “oversold” is calculated via TSOs analysis

Surrendered Capacity

- Measure needs to be cost-neutral and free of risk for TSOs
- Payment obligation of primary holder remains unchanged until surrendered capacity is re-allocated at equal economical conditions
- Any “obligation to accept” surrendered capacity needs to be further defined

Initial Observation

Firm Day-Ahead UIOLI (Use-it-or-loose-it)

- Restriction of re-nomination rights:
 - Will impact the within-day activities
 - May induce strategic booking behaviours
 - May undermine balancing regime, trading activities, other CMPs, etc.

Long Term UIOLI (Use-it-or-loose-it)

- To be considered as last resort measure
 - Other methods should be used by shippers to offer capacity before removing contractual rights
 - Parameters (method + calculation) to be defined by the NRAs
 - Initial holder to remain responsible for all the obligations (e.g. payment) until the capacity is reallocated

Conclusions

- > CAM and CMP should be equally harmonised throughout EU cross-border Interconnection Points
- > Proper economic measures would encourage TSOs to implement appropriate methodologies
- > Overall benefits of restriction of re-nomination rights questionable
- > UIOLI on an interruptible basis to be considered
- > ENTSOG offers debate to further explore the topic



Thank you!