



Congestion Management Procedures (CMP) Guidelines

Report on implementation preparations

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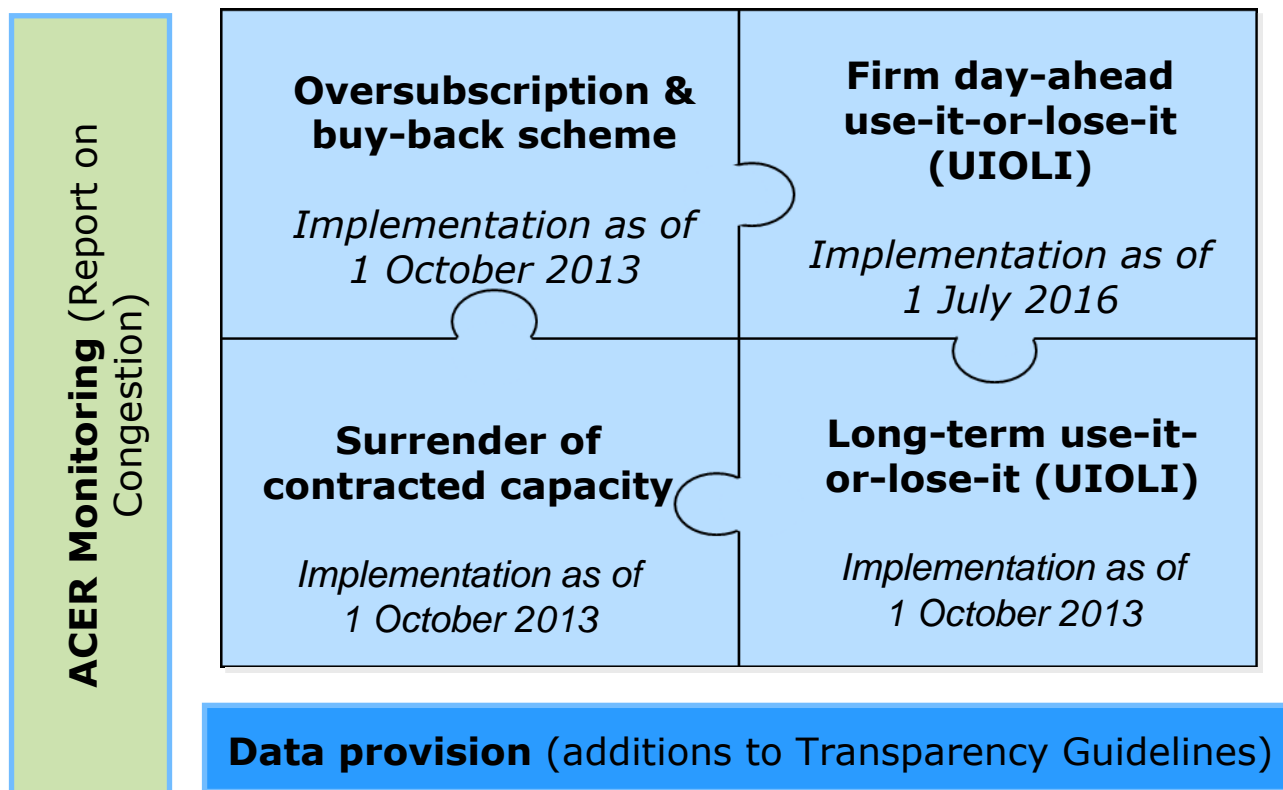
CMP implementation - Background

- **CMP Guidelines** have to be implemented by **1 October 2013**
- **NRAs** are responsible for **determining the scope of implementation and approving the mechanisms**
- **TSOs** have to **propose procedures and implement**
- **Two important areas of work**
 - Interpretation of the Guidelines when not precise
 - Evaluation of potential effects
- **Survey developed by ACER with ENTSOG on CMP implementation in February-March 2013**
 - Contributions from 19 countries
 - Some CMPs are already implemented in a few Member States (but need sometimes to be adapted)
 - All Member States currently expect to be ready on time

CMP implementation – On-going work

- **Coordination throughout the EU to ensure consistent implementations at IPs**
 - Cross-border coordination between TSOs and NRAs is on-going, including via Gas Regional Initiatives (GRIs)
 - ACER on-going work :
 - Identification of areas requiring cross-border coordination and/or harmonised decisions
 - Identification of best practices and elaboration of recommendations
- **Intensive efforts within and between TSO to meet deadline**
- **The Guidelines require some decisions, including on**
 - Capacity products and merit order of surrendered capacity
 - Tariff issues
 - Treatment of bundled/unbundled products
- **Evaluation of impacts**
 - Risks and incentives, behaviour of network users
- **Coordination with implementation of CAM network code where relevant**

Overview of CMP obligations



Scope

- CMP Guidelines apply at IPs between adjacent entry-exit systems
- Application to IPs with non-EU countries decided by the NRA

ACER Monitoring of congestion

Developing the first ACER Monitoring Report on Congestion at Interconnection Points

Basis: IP Congestion Information

(pursuant to section 3 of Ann. I R715/2009)
published on the transparency platform:

- data on firm (\geq monthly) capacity products sold:
- Unsuccessful capacity requests
 - Where & when auctions cleared above reserve price
 - Where & when no firm c. was offered
 - Capacity made available by CMPs

→ Additional sources (where possible):

- Capacity trading on second. markets
- Use of interruptible capacity
- Voluntary data on firm cap. Q1-Q3/13

Validation
by NRAs
(where
appropriate)

Start of data publication
by TSOs on the platform

Retrieving & processing

Drafting

Publication of 1st report

→ then annually

1 Oct. 2013

late-Dec. 2013

Jan. 2014

1 March 2014

ACER issue paper

- **Allowing NRAs to share the same interpretation on key aspects of CMP guidelines**
- **Main issues**
 - Oversubscription and buy-back
 - Risk evaluation and cost of buy-back mechanisms
 - Split of responsibilities amongst adjacent TSOs
 - Surrender of capacity
 - How surrendered capacity is included in the capacity allocation processes for bundled products (priority rules, bundling and timing)?
 - Pricing
 - Long term UIOLI
 - Identification and re-allocation of the withdrawn capacity in the context of CAM NC
 - Short term UIOLI
 - Management of nominations
 - ACER monitoring of congestion
- **The results of the survey will serve as an input**

Oversubscription & buy-back

Oversubscription & buy-back

*Implementation as of
1 October 2013*

- *TSO-proposed, incentive-based scheme(s) to offer additional capacity on a firm basis.*
- *Revenues and cost related to scheme to be shared between TSO and network users.*
- *Additional capacity to be offered by TSO in regular allocation processes, i.e., on the primary market.*
- *Additional capacity to be allocated only after technical capacity*
- *Exemption possible where firm day-ahead UIOLI applies*

Scheme already in place in 2 Member States (involving 3 TSOs)

Implementation issues:

- Calculation and approval of baseline and additional capacities
- Determining the appropriate distribution of costs and revenues between TSOs and network users
- Design of a market based buy-back procedure

Topics for possible cross-border harmonisation:

- Coordination of the offer of additional capacity on both sides of the border
- Procedure for buying the capacity back when bundled: who triggers the buy-back, who pays, what IT platform (existing or new?)

Surrender of contracted capacity

Surrender of capacity

Implementation as of 1 October 2013

- *TSO to accept any surrender of firm contracted capacity, with the exception of daily and within-day capacity products*
- *Capacity surrendered to be offered by TSO. If not reallocated, network user retains rights and obligations*
- *Surrendered capacity to be reallocated only after all the available capacity has been allocated*

Procedure already in place in 7 Member States (involving 19 TSOs)

- In many cases, the already applied measures will have to be adapted to the implementation of CAM (auctions).

Implementation issues :

- Interaction between surrender of bundled capacity and non-bundled available capacity and the related priority rule for reallocation
- Price differences between the initial allocation and the reallocation may be invoiced to the initial capacity holder
- Interaction with secondary market

Topics for possible cross-border harmonisation:

- Priority rule used for reallocating the surrendered capacity when multiple network users surrender capacity (time stamp vs. pro rata)

Long-term UIOLI

Long-term UIOLI

Implementation as of
1 October 2013

- *TSO, when requested by NRA, must partially or fully withdraw contracted capacity where capacity 'systematically underutilised' (based on one of two defined tests)*
- *Application of firm day-ahead UIOLI does not prevent LT UIOLI*
- *Withdrawn capacity to be offered by TSO on primary market. If not reallocated, network user retains rights and obligations.*
- *TSO to provide data for NRA to monitor utilisation*

Procedure already in place in 11 Member States (involving 25 TSOs)

Implementation issues:

- Determination of the amount and duration of partial (or full) withdrawal of capacity.
- Coordination between capacity withdrawals and re-allocations when the CAM code is implemented
- Provision of TSO data from 2013 onward to inform NRA decisions
- Appeals process may be appropriate

Topics for possible cross-border harmonisation:

- For bundled capacity (under CAM NC), rules for determining thresholds for triggering capacity withdrawal and for timing

Firm day-ahead UIOLI

Firm day-ahead UIOLI

Implementation as of 1 July 2016

- *TSOs to restrict re-nomination rights of firm capacity where*
 - *demand exceeds offer for defined set of capacity products*
 - *network user holds > 10% of technical capacity*
- *NRAs have discretion to apply a FDA UIOLI scheme where above congestion criteria are not met or before 2016*
- *Additional capacity to be offered by TSO on primary market. If not reallocated, network user retains rights and obligations*

Mechanism already in place in 3 Member States (involving 17 TSOs)

Implementation issues:

- When restricting the renominations, how to treat network users which belong to a same company/group?

Topics for possible cross-border harmonisation:

- Coordination of the restriction of renomination rights of bundled capacity and the corresponding auction of day-ahead bundled capacity

Data provision via the Transparency Platform

CMP Guidelines' additions to Transparency Guidelines

- Four data categories, e.g., total capacity made available through CMPs' application
- Data in a downloadable format, allowing for quantitative analysis
- Union-wide central platform, established by ENTSOG: Transparency Platform
- Implementation date: 1 October 2013

- ENTSOG working groups have defined a common interpretation of data requirements
- Common interpretation confirmed with European Commission
- Harmonised format for monthly information upload (XML file) to the Transparency Platform
- First upload scheduled prior to 1 October



<http://www.gas-roads.eu/>

- Operated since Dec. 2009 to meet regulatory obligation on ENTSOG

Way forward

- **Preparations for implementation of the CMP Guidelines is underway with some CMPs already implemented in some Member States**
- **All Member States currently expect to implement relevant provisions by 1 October 2013**
- **Common interpretations/understandings are being developed and confirmed**
- **TSOs and NRAs are liaising on harmonised approaches as needed**
- **Consultations with network users and other stakeholders planned at national levels**
- **Progress toward implementation depends on strong commitment from all institutions and stakeholders**

Thank You for Your Attention