

European Electricity Regulatory Forum

CONGESTION MANAGEMENT

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Guidelines Congestion Management

Geode Position

Main Principles:

- **CONGESTION MANAGEMENT(CM):** key issue for a single market
- **TSO's COOPERATION:** essential to develop market-based mechanisms
- **CM MECHANISMS** shall:
 - Be Market-Based
 - Facilitate Cross-Border Trade. (Not limit it)
 - Not requiring specific skills, for work by MARKET ACTORS
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CONGESTION MANAGEMENT MECHANISMS

•EXPLICIT AUCTIONS:

- Only a temporary solution, if needed**
- Very complex system. Only companies linked to TSO's have information and resources to deal with them.**

•IMPLICIT AUCTIONS: a solution for severe structural bottlenecks

•COUNTER TRADING OR REDISPATCHING: Standard method

- Incentive TSO'S to avoid bottlenecks**

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Geode Position

- A European single market means **NO BORDERS**
- Today, **BORDERS ARE STILL THERE**
 - Lack of capacities in some borders: permitting incumbent dominant position companies:
 - keep national markets closed
 - keep dominant positions

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Geode Position

- TSO's shall make any agreed transaction feasible
- Electricity System should be managed by a European body joining all TSO's.

To separate:

- Managing the electricity system: strictly technical and subject to regulation → TSO's
- Supplying: commercial and subject to competition → Suppliers



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Geode Position

- **NO TRANSACTION SHOULD BE DENIED:**
 - By redispatching or counter-trading mechanisms
 - By applying the principle “use-it-or-lose it”
- **COSTS OF REDISPATCING OR COUNTER-TRADING MECHANISMS:**
 - Recognised by regulators and included into transmission tariffs
 - Supported by all consumers through transmission tariffs:
all get the advantages of the creation of a European Market

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Geode Position

- TSO should **NOT BENEFIT FROM REVENUES** resulting from congestion market mechanisms
- **MANAGEMENT OF CONGESTIONS SHOULD NOT BE AN INCOME FOR TSO'S BUT A COST PUTTING PRESSION TO ELIMINATE IT.**
- **GEODE asks the Commission to launch and study to evaluate the impact of introducing redispatching mechanisms to deal with congestions at the EU level.**