

# **European Electricity Regulatory Forum**

## **CONGESTION MANAGEMENT**

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Joan Prat



# 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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# Guidelines Congestion Management Geode Position

## 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

# Guidelines Congestion Management 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

# Guidelines Congestion Management

## 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



# Guidelines Congestion Management

## 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



# Guidelines Congestion Management 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.**