

## EuroPEX's comments on the draft Congestion Management Guidelines

June 2004



## **EuroPEX**

EuroPEX was first formed as a regional group within the worldwide Association of Power Exchanges (APEX). In 2002 it was reformed as the Association of European Power Exchange Operators, EuroPEX A.S.B.L., which is a non-profit legal entity.

The objectives of EuroPEX are:

- to promote the role of power exchanges as a way of increasing competition by creating price transparency and implementing the European single electricity market
- to support the liberalisation of the different European electricity systems
- to deal with the issue of international trading with special emphasis on providing a market solution to congestion problems
- to increase co-operation between European power exchanges and to promote free trading

Active members of EuroPEX must operate a power exchange. Current members are:

Amsterdam Power Exchange Spotmarket B.V.	The Netherlands
APX Amsterdam Power Exchange (UK) Limited	United Kingdom
Borzen, Organizator Trga z Elektricno Energijo, d.o.o.	Slovenia
Compañía Operadora del Mercado Español de Electricidad SA	Spain
European Energy Exchange	Germany
Gestore del Mercato Elettrico S.p.a.	Italy
Nord Pool ASA	Denmark, Finland, Norway and Sweden
Opcom S.A.	Romania
Operator Thru S Elektrinou A.S.	Czech Republic
Powernext S.A.	France



## Summary

### 1.1

The draft guidelines should be an essential step forward in the creation of a pan-European electricity market, and EuroPEX supports the broad direction being taken. In particular, EuroPEX has long advocated the use of implicit auctions for congestion management ('market coupling'), and this type of approach has been supported by the Commission. However, EuroPEX believes that the Guidelines should express more clearly the role of inter-regional implicit auctions, provided by Organised Markets (i.e., open access power exchanges, controlled or regulated as determined by each Member State). In addition, the Guidelines should support a more efficient release of capacity by the TSOs based on a flow-based approach.

### 1.2

Implicit auctions can solve cross-border congestion problems in a way that provides transparency, accessibility and efficiency. Combining capacity and energy removes the risks of trading one before the other, and Organised Markets have now established themselves across Europe as the preferred method for day-ahead spot trading. Implicit auctions have proven to be very successful in the Nordic region and have contributed to the successful development of that market. It is important to recognise the need to integrate cross-border flows with regional markets to form prices.

### 1.3

EuroPEX believes that a decentralised implicit auction approach ('Decentralised Market Coupling') is able to deliver an efficient outcome incorporating loop flows, block bids, and counterflows - and all in a way that is very flexible and easy to develop progressively over time. Furthermore, EuroPEX's decentralised market coupling methodology allows for the coexistence of bilateral and exchange-based cross-border trading. Decentralized Market Coupling was presented at the Florence Forum in 2003. Since then, work has accelerated on the development of market coupling. Firstly, a joint working group has been established together with ETSO to develop a shared view on how an eventual pan-European market could operate which better reflects the actual physical flows on the network. Secondly, a number of local initiatives are now underway to couple together small clusters of markets, and some of these could be operational in 2005.

### 1.4

In the (draft) strategy paper the role of Organized Markets and market coupling/implicit auctions were indicated. The guidelines also provide support to implicit auctions, but EuroPEX believes more recognition could be made of the developments now underway to implement market coupling utilizing the established Organized Markets infrastructure.

## **CONGESTION MANAGEMENT GUIDELINES**

### **EXPLANATORY NOTE**

#### **1. INTRODUCTION**

The Regulation provides for the Commission to “amend the guidelines on the management and allocation of available transfer capacity of interconnections between national systems set out in the Annex, in accordance with the principles set out in Articles 5 and 6, in particular so as to include detailed guidelines on all capacity allocation methodologies applied in practice and to ensure that congestion management mechanisms evolve in a manner compatible with the objectives of the internal market.”

It goes on to state that “where appropriate, in the course of such amendments common rules on minimum safety and operational standards for the use and operation of the network, as referred to in Article 5(2) shall be set.”

The attached draft guidelines therefore propose such an amendment. They are based on the following principles that arising from the Regulation:

- i. economic efficiency and promotion of competition,
- ii. maximisation of the amount of capacity available and the use made of it,
- iii. transparency to network users on a non-discriminatory basis,
- iv. secure network operation,
- v. largely revenue neutral mechanism from the point of view of system operators.

Security and reliability rules will be proposed in separate guidelines.

#### **2. ECONOMIC EFFICIENCY AND THE PROMOTION OF COMPETITION**

In relation to the question of economic efficiency, the Regulation states that: “Network congestion problems shall be addressed with non-discriminatory market based solutions which give efficient economic signals to the market participants and transmission system operators involved.” Article 6(1).

The main consequences of this Article are that congestion management mechanisms must include a mechanism whereby potential network users reveal the value, **implicitly or explicitly**, they place on gaining access to the part of the network in question. Economic efficiency is more likely to be delivered where capacity **is used by** those who value the capacity the most.

[**Comment:** in the case of implicit auctions potential network users do not explicitly reveal the value of gaining access to the cross-border capacity. In the implicit auction system market participants implicitly reveal this value by submitting bids/offers to buy/sell power in a specific area/region to the power exchange. Furthermore, as is acknowledged later in the Guidelines, it is important that capacity is intended to be *used* by those to whom it is allocated.]

However this simple result is dependent on a number of assumptions relating, in particular, to the market structure of the industry. Since, in reality, the European market is characterized by instances of market dominance in certain Member States or regions, there is a clear case the congestion management methods should be designed in such a way that this is taken into account in order to promote the economic efficiency of the electricity market. Accordingly, congestion management methods should not hinder market contestability, should not inhibit the entry of any player, including end users, and should neither facilitate nor consolidate the abuse of any market power.

In the interests of efficiency in a general sense, the adopted method of congestion management should not result in undue transaction costs to market participants or TSOs.

Finally, in the interests of promoting competition allowing for a range of different contract structures, any differences in the way different transactions are treated, for example short term trading between organised markets or longer term bilateral contracts, should be permitted only when they are shown not to distort or hinder the development of competition. **While important to encourage financial markets, it is necessary** to ensure that there is a balance between short-term capacity allocation (for example for the day-ahead market) and the longer term capacity allocation (for example yearly and monthly auctions) **where these financial markets are yet to develop**.

[**Comment:** EuroPEX strongly advocates the use of financial markets rather than forward physical rights to enable efficient risk management, combined with day-ahead implicit auctions. Financial markets can attract wider market participation, and furthermore the use of forward physical rights can reduce the transparency and robustness of the day-ahead market.]

### 3. RULES ON MAXIMISING THE AVAILABLE CAPACITY AND CAPACITY USE

In relation to the requirement to maximise availability and use of capacity, there are a number of relevant elements of the Regulation which must be applied, in particular:

The maximum capacity of the interconnections and/or the transmission networks affecting cross-border flows shall be made available to market participants, complying with safety standards of secure network operation. Article 6(3)

Market participants shall **notify the responsible organisation** ~~inform the transmission system operators~~ a reasonable time ahead of the relevant operational period whether they intend to use allocated capacity. Any allocated capacity that will not be used shall be reattributed to the market, in an open, transparent and non-discriminatory manner. Article 6(4)

[**Comment:** in some Member States organisations other than the TSO may perform this role. This is a general observation throughout the Guidelines.]

**The congestion management approach** ~~Transmission system operators~~ shall, as far as technically possible, net the capacity requirements of any power flows in opposite direction over the congested interconnection line in order to use this line to its maximum capacity. ~~Having full regard to network security, transactions that relieve the congestion shall never be denied.~~ Article 6(5)

[**Comment:** transactions that relieve congestions should be treated on a non-discriminatory basis and in a meshed system should only be accepted with full regard to the economic impact elsewhere.]

This part of the regulation calls for a number of important operational rules to be respected by TSOs. Firstly it is clear that, as a first rule, TSOs should ~~endeavour to accept all commercial transactions including those incurred by cross border trade~~ **make transparent the available network capacity and then accept all commercial transactions compatible with that capacity. Markets should be so designed to encourage a feasible set of transactions.** In case the scheduled commercial transactions **after the day-ahead congestion solution mechanism is performed** are not compatible with secure network operation, the TSOs should co-ordinate to alleviate the congestion by any means as long as the associated costs are at an economically efficient level, for example through redispatching or countertrading.

[**Comment:** if the markets trade products that better reflect the physical network reality this reduces the risk faced by TSOs of receiving an infeasible schedule, which in turn enables more physical network capacity to be made available to the market. To “endeavour” is too uncertain an arrangement in a market that needs firmness. The day-ahead results are firm and therefore should be maintained, unless under an emergency situation.]

Where structural congestion exists, considering the fact that the European continental network is a highly meshed network and that the use of interconnection lines has an effect on the power flows, congestion management procedures and system operation between TSOs should be co-ordinated as far as possible and that calculations of the capacity available to the market should recognise the actual flows of electricity between the origin and destination country including loop flows.

The **congestion solution** at an interconnector **not impacted by loop flows** shall be coordinated between the two **regions** using one common ~~allocation~~ procedure. If such a coordinated mechanism is not in place (in a transitional period, and possibly with non-



EU countries) a split of the interconnector capacity to two equal parts, where each TSO Member State (or responsible organization) is responsible for his own part, is necessary.

In situations where the meshedness of the network leads to a high correlation between the capacities available to the market at the congested borders, co-ordinated methods for congestion management suited for regional application should be favoured.

[**Comment:** interconnection capacity can only be efficiently handled by just the two regions at each end where there are no significant loop flows. This is a simpler situation to deal with, but the main opportunity (and challenge) is the meshed network that necessarily requires a co-ordinated approach.]

Co-ordination between TSOs should at least include the exchange of information and the optimisation of the allocations in view of the promotion of fair and efficient competition and the secure operation of the grids. The nature, time and frequency of the exchanges of information should be coherent with the functioning of the electricity markets. They shall in particular enable all TSOs affected by the loop flows resulting from transactions accepted by other TSOs to forecast them, to take them into account in their assessment of the available capacities and to identify the TSOs responsible for the loop flows so that they are required to take appropriate measures.

The loop flows are best taken into account when at least an inter-regional co-ordination between TSOs and Organised Markets covers all the steps from capacity calculation and allocation to the operation of the network. There is a risk to have sub-optimal result for network flows if each interconnector is treated only bilaterally between the two TSOs concerned.

[**Comment:** Using market coupling, TSOs are not the only entities that should be involved in the congestion management solution.]

In case of structural congestion, TSOs should endeavour to optimise the extent to which capacity is firm – relating to the obligations and rights of both TSOs and market parties – in order to facilitate effective and efficient competition.

Articles 6(4) and 6(5) clearly imply out a requirement for a nomination procedure to be followed by TSOs and network users. This should be co-ordinated so that it is carried out on a common timetable across all European markets.

As the procedure moves closer to real-time, reallocation through an approach which requires a transaction based method may become more difficult logistically. This explains the preference in the Regulation that “Network congestion problems shall preferentially be solved with non transaction based methods, i.e. methods that do not involve a selection between the contracts of individual market participants.”

This implies that systems that include the integration of organised wholesale electricity markets need to be included in the design of congestion management systems in case of structural congestion. However, special attention should be given to non-discrimination,



notably towards bilateral transactions, and to the effective possibility to organise longer term cross-border trade.

Finally, the financial consequences of failure to honour obligations associated with the allocation of capacity should be attributed to those who are responsible for such a failure. This means that where network users fail to ~~use the capacity~~ **deliver or consume according to the schedule** they have nominated, some level of penalty should be applied **i.e., imbalance exposure**.

[**Comment:** obligations to use allocated capacity are achieved through an obligation to schedule/notify the relevant injections and removals in the export and import regions. Not using the capacity means not delivering or consuming as scheduled/notified, and properly designed imbalance arrangements would apply to the efficient economic signal.]

#### 4. TRANSPARENCY

The electricity market will not function correctly unless sufficient information is available on a no-discriminatory basis. Therefore, within the relevant legislative framework, Member States and regulatory authorities should pay special attention to the transparency of the wholesale markets in all areas affected by any congestion, which includes information on short term forecast and realised system load by market time unit and information on the installed generation capacity.

Article 5(3) of the Regulation includes the requirements relating to transparency. In particular “Transmission system operators shall publish estimates of available transfer capacity for each day, indicating any available transfer capacity already reserved. These publications shall be made at specified intervals before the day of transport and shall include, in any case, week-ahead and month-ahead estimates, as well as a quantitative indication of the expected reliability of the available capacity.”

In addition, other information is also required to ensure that interest of economic efficiency and the promotion of competition are fulfilled.

#### 5. REVENUE NEUTRALITY

Article 6(6) discusses the use to be made of any revenues collected as a result of congestion management mechanisms. These clearly imply that the TSO should not unduly benefit from the revenues being collected.

Regulators are required to implement the requirements of Article 6(6) and should therefore ensure that revenues are accounted for in a transparent way.

The use of congestion rents for investments in maintaining or increasing the interconnection capacity should preferably be assigned to specific predefined projects with a clear compromise to accomplish them in a reasonable time. In the case of TSOs belonging to a holding that owns other companies performing liberalized activities at the same time, this recommendation must be compulsorily fulfilled.



## GUIDELINES ON CONECTION MANAGEMENT, SYSTEM OPERATION AND MINIMUM SAFETY AND OPERATIONAL STANDARDS

### 1. MECHANISMS FOR CONGESTION MANAGEMENT

- 1.1. ~~The TSOs, or, where appropriate, Member States shall provide non-discriminatory and transparent standards, which describe which congestion management methods they will apply under which circumstances. These standards, together with the security standards, shall be described in publicly available documents.~~

[**Comment:** These arrangement are established in each MS, and how each MS will implement this depends on local regulatory/organisational arrangements.]

- 1.2. In case of structural congestion, the congestion management method should ensure that the power flows induced by all allocated commercial transactions comply with network security standards being at an acceptable level. A particular commercial transaction should only be denied when the power flows resulting from its acceptance, in addition to the other accepted commercial transactions, lead to a situation where secure operation of the power system can no longer be guaranteed, ~~and where that commercial transaction has an economic value lower than the transactions concurrently accepted under the same contractual conditions.~~

[**Comment:** should not mix the ideas of rejection of commercial transactions where system security is in threatened from the process of price-based competition for a scarce resource.]

- 1.3. Where commercial transaction do need to be constrained, the following rules shall be applied
- (1) Mechanisms may allow for capacity allocation to be both for long term and short term transactions and may be implemented on an annual, monthly, weekly and daily basis.
  - (2) A mechanism for an intra-day ~~allocation~~ congestion management of interconnector capacity may be established.
  - (3) Each of these procedures should allocate a prescribed fraction of the available transfer capacity plus any remaining capacity that was not allocated in previous auctions and any capacity released by the capacity holders from previous procedures. All possible capacity should be available to the day-ahead market by adopting a use-it-or-lose-it mechanism.

[**Comment:** incentives need to be established to ensure the timely release of unwanted capacity into the day-ahead mechanism.]

- (4) A minimum of X % of the cross-border capacity must be retained for the daily allocation mechanism defined in point 3.2, with the aim that eventually 100% is retained as markets mature. Allocations for existing day-ahead mechanisms should not be reduced.

[**Comment:** Implicit auctions covering all physical capacity and not just a fraction will be more efficient. However, a transition could be needed depending on the development of the market – in particular, a well-developed financial market to hedge price differences. Existing explicit auctions could co-exist with market coupling during a transitional phase.]

- (4b) The benefits of offsetting physical flows should be fully realized.

[**Comment:** any mechanism must capture the effects of netting. In a flow-based transmission model this involves the offsetting of physical flows to optimise the use of capacity.]

- (5) Congestion management Capacity mechanisms shall allow market participants ~~potential network operators~~ to reveal value placed on capacity energy at a particular location (either directly or indirectly) and produce directional price signals to market participants.

[**Comment:** in implicit auctions it is market participants, not network operators, that determine the value of energy at different locations via energy bids/offers. The value of cross-border transmission access can be imputed from this.]

- (5b) The daily congestion management mechanism may be based on market coupling, and this approach shall immediately be explored.

[**Comment:** reflecting the original guidelines and, in particular, the need to promote implicit auction methods.]

- (6) ~~Capacity allocation~~ Congestion management mechanisms shall ensure that capacity is allocated to those which places highest value on capacity, together with adequate incentives to ensure they are going to use it.

[**Comment:** necessary in order to avoid the risk of market abuse to ensure that there are correct incentives to use capacity allocated – which could include selling it to someone else.]

- (7) Network users shall be required to pay for allocated capacity according to a methodology based on the revealed value they have placed on that capacity. However, users bidding for congestion cost at a day-ahead stage shall pay the same marginal price to avoid discrimination.

[**Comment:** at the day-ahead stage the priority is to establish a simple market place that can attract liquidity and utilise efficiently the available network capacity. Establishing a common clearing price for capacity aids transparency, avoids discrimination and



facilitates pan-European trading.]

- (8) Establishing minimum prices in capacity allocation methods shall not be allowed.
- (9) In principle, all potential network users will be permitted to participate in allocation process without restriction.
- (10) Exceptionally, restrictions may be placed on individual company for reasons of market dominance.
- (11) In order not to risk creating or aggravating problems related to any dominant position of market player(s), the competent regulatory authorities, if appropriate, may establish caps on the amount of capacity that can be bought, possessed and/or used by the different market players, when designing a congestion management scheme.
- (12) Priority access rights to interconnection capacity should not be assigned to those contracts which violate Articles 81 and 82 of the EC Treaty. Existing long term contracts should have no pre-emption rights when they come up for renewal, and the capacity should be made available through open, market-based mechanisms.

[**Comment:** long term contracts need to be phased out as quickly as possible and the capacity made available to the market.]

- (13) To promote the creation of liquid electricity markets, capacity bought at an auction should be freely tradable before the moment of notification provided that the TSO responsible organization is informed.

[**Comment:** it is not necessarily the TSO who the participant informs in some markets. ]

- 1.4. In cases where nomination for an expected flow between two countries significantly affects conditions in the interconnector joining third countries, congestion management methods shall be co-ordinated between the two countries concerned and the third country through a common allocation procedure. National Regulators shall ensure that no congestion management procedure with significant effects on power flows in other networks, be devised unilaterally.

## 2. CALCULATION OF NETWORK CAPACITY

- 2.1. The TSOs shall publish a general scheme for calculation of the total transfer capacity and the transmission reliability margin based upon the electrical and physical realities of the network. Such a scheme shall be subject to approval by the regulators of the involved Member States concerned. The safety standards and the operational and planning standards should form an integral

part of the information that TSOs should publish in open and public documents.

- 2.2. The TSOs shall calculate ~~Net Transfer Capacity (NTC)~~ **Bottleneck Capacity values and flow distribution factors** on a common network model based on a set of published base-cases which are represent common network situations. The ~~NTC~~ **Bottleneck Capacity and flow distribution factor** values have to be confirmed by the ~~all the TSOs impacted~~ **two TSOs**. The ~~NTC~~ **Bottleneck Capacity and flow distribution factor** values together with the main constraint limiting **capacity** shall **be** published.

[**Comment:** in order to efficiently represent a meshed physical system, it is necessary to move away from ‘contract path’ definitions of capacity such as NTC and adopt measures of actual flow-based physical transmission capacity (especially at known bottlenecks) and the flow distribution factors that describe the actual path taken by power injected/removed between any two points on the system. While NTCs can be computed on a bilateral basis between two TSOs, flow factors and Bottleneck Capacities require coordination between multiple TSOs. A confusion between physical flows and commercial transactions runs throughout the Guidelines.]

- 2.3. TSOs shall offer to the market transmission capacity that is as ‘firm’ as possible. A reasonable fraction of the capacity may be offered to the **forward** market under the condition of decreased firmness, but at all times the exact conditions for transport over cross-border lines shall be made known to market participants. **All capacity made available at day-ahead stage must be firm, and any non firm forward contracts should become firm prior to the running of the day ahead market. Non-firm forward capacity contracts should be designed so as not to distort the day ahead market.**

[**Comment:** implicit auctions/market coupling requires firm capacity. Any capacity rights acquired in forward markets should be, at least by the time of the day ahead market, nominated firm on a consistent basis with any unused part offered into the day ahead market.]

- 2.4. TSOs shall actively seek to identify parts of the network where intermittent congestion might be solved without constraining scheduled commercial transactions across-borders. Where such cases can be identified ~~NTC~~ **Bottleneck Capacity** shall be declared unlimited.
- 2.5. In case of a network constraint inside a control area is limiting the ~~NTC~~ **Bottleneck Capacity** at several interconnectors, the TSO shall publish the method how the capacity is distributed to the constrained interconnectors. This capacity distribution has to be non-discriminatory between interconnectors.
- 2.6. When balancing the network inside the control area through operational measures in the network and through redispatching, the TSO has to take into account the effect of these measures to the other control areas. ~~The TSOs shall~~

~~exchange daily the preliminary market results in order to optimise the use of the overall network through operational measures in the network and through redispatching.~~ The redispatching costs necessary to optimise the cross-border flows (refunds) shall be paid from (credited to) the congestion revenue for the border(s) in question.

[**Comment:** there should be no concept of ‘preliminary market results’: the market results are firm contracts once made and must not be subject to TSO interference. In the event that TSOs subsequently have specific power needs in order to manage conditions on the network, this should be done using adjustment markets and balancing mechanisms designed for that purpose]

- 2.7. ~~The maximum average hourly flows at an interconnector shall not deviate more than X% from the capacity to be nominated at that interconnector. When an imbalance is detected, network modelling shall be used to identify the causes for the loop flows and the interconnections where nominations shall be adjusted.~~

[**Comment:** in a meshed system it is not possible to equate flows on a particular interconnector with the nominations across it. This is confusing flows with transactions.]

- 2.8. When the excessive loop flows are caused by internal imbalance in a control area, redispatching shall be made in order to diminish the loop flows to an appropriate level. In case of permanent imbalance, the control area shall be split to zones between which proper congestion management measures can be implemented in co-ordination with the congestion management methods at the interconnectors. TSOs shall avoid limiting of the interconnector capacity in order to solve congestion inside their own control area; in any case it shall be used only to the extent it is economically justifiable.

[**Comment:** as before, redispatching should never be allowed to alter an existing contractual position or reported schedules.]

### 3. TIMETABLE FOR MARKET OPERATIONS

- 3.1. The TSOs shall publish a general description of the method applied for maximising the capacity available to the market based upon the electrical and physical realities of the network. Such a method should be subject to approval by the regulatory authorities of the involved Member States concerned.

- (1) X times per year the TSOs shall exchange the base case data indication the best possible estimate of the transmission flows in the European network.
- (2) Two days ahead the day of operation holders of capacity rights under the procedure in section 1 shall communicate to the TSOs responsible organizations their intentions regarding the exercise of those rights.

[**Comment:** it is not necessarily the TSO who the participant informs in some markets. ]

- (3) Two days ahead the day of operation the TSOs/responsible organizations shall exchange the data on the nominations of all capacity reservations that are allocated on a basis of a time period exceeding one day and publish the available capacity for the day-ahead allocation including the amount reserved under point 1.2.4. This amount must take into account of unused capacity rights from the procedure in section 1 and the results of netting.
- (4) The day ahead congestion management solution shall be non transaction based and be undertaken by the regulated Organized Markets or, where these do not exist, by a “Nominated Agency” for each Member State (except Luxembourg). Member States shall notify to the Commission by 31 Dec 2004 the “Nominated Agency”. Member states shall use existing Organised Markets as much as possible, where Organised Markets are entities providing open access, transparent, cleared spot markets.

[**Comment:** it is important for market efficiency, liquidity and ease of access for all participants that the trading at the day-ahead stage of power *between* regions is fully integrated with the trading *within* regions. Most Member States already have an Organized Market, in which case this entity should be the nominated agency (in fact, this task is already assigned to some of them).]

- (5) One day-ahead of the day of operation at XX CET the market operators for power and capacity markets shall communicate the market results to the TSOs.
- (6) One day-ahead the day of operation, in Member States where the energy is contracted on a portfolio basis, at XX CET the market parties shall communicate the preliminary generation and load schedules to the TSOs.

[**Comment:** only necessary where the TSO would not otherwise get location specific schedules directly from the market results.]

- (7) ~~One day ahead the day of operation at XX CET the TSOs shall confirm the schedules to the market parties and to other TSOs, including eventual redispatching due to capacity optimization or security reasons.~~ Any changes in schedules after XX CET day-ahead the day of operation and exchanging information on them are subject to detailed rules established in the regulation. These rules shall take into account the effect of such changes to the entire network, especially to cross-border capacities and to security of the network.

[**Comment:** previously scheduled contracts are firm – whether bilateral or exchange traded – and shall not be subject to alteration due to redispatching.]

- (8) Hourly values of the nominated and physical cross-border flows by interconnector shall be published by the TSOs: **nominated values immediately and physical values two days after the day of operation.**

[**Comment:** day ahead nominated values are not subject to change and can be published at the day ahead stage once received (and updated by any intra day additions). The Organised Markets normally publish their results immediately, according to their own rules.]

## 4. TRANSPARENCY

- 4.1. TSOs should publish all relevant data related to network availability, network access and network use including a report where congestion exists, its reason, the methods applied for managing the congestion and the plans to cope with it in the future.
- 4.2. TSOs should publish all relevant **technical** data concerning ~~cross-border trade~~ **network capacity** according to the best possible forecast. This includes, **as appropriate,** the procedures for allocating capacity, including the time and procedure for applying for capacity, a description of the products being offered and the obligations and rights of both the TSOs and the party obtaining the capacity. **The regulated Organized Markets or, where these do not exist, the “Nominated Agency” for each Member State should publish a description of the procedures for their cross-border congestion solution and the results of the application of it.**

[**Comment:** ‘all data concerning cross border trade’ is far too broad. The procedures for the allocation of capacity should be published by the TSOs on those borders where they exist (recognising that such arrangements may not exist on all borders). The Organized Markets should publish the information regarding their congestion solution procedures and the results.]

- (1) annually: all information on the long term evolution of the transmission infrastructure and its impact on cross-border transmission capacity;
- (2) monthly: month and year-ahead forecasts of the transmission capacity available to the market taking into account all information available to the TSO at the time of the forecast calculation (e.g. impact of summer and winter seasons on the capacity of the lines, maintenance on the grid, availability of the production units, etc.);
- (3) weekly: week-ahead forecasts of the transmission capacity available to the market for each market time unit (which may be an hour or a quarter of an hour), taking into account all information available to the TSOs at the time of calculation of the forecast, such as weather forecast, availability of the production units etc.;





- (4) daily: day-ahead forecasts of the transmission capacity available to the market for each market time unit;
  - (5) the total amount of all contracts predating the EU directive 96/92/CE and having a priority right of access to cross-border transmission capacity, the daily values of the total capacity taken by them as well as its provisional evolution in the coming years;
  - (6) total capacity already given out by market time unit and all relevant conditions under which this capacity may be used (e.g. auction clearing price, obligations how to use the capacity, etc.), so that the remaining capacity is revealed;
  - (7) total nominated capacity by market time unit immediately after the moment of nomination;
  - (8) as soon as possible after real-time, realised commercial transactions by market time unit, including a description of the effects of any corrective actions taken by the TSOs (like curtailment) for solving network or system problems. (CEER)
- 4.3. All relevant information should be available for the market in due time for the negotiation of all transactions (such as the moment for negotiation of year supply contracts for industrial customers or the moment when bids have to be sent into organised markets).
- 4.4. All information published by the TSOs should be made freely available in an easy way. All data should also be accessible in an adequate and standardised format, to be defined in close co-operation with market parties. This includes information on past time periods with a minimum of two years, so that new market entrants also have access to this data.
- 4.5. When forecasts are published, the *ex post* realised values of the forecast information should also be published, in the time period following that to which the forecast applies.





## 5. USE OF CONGESTION INCOME

- 5.1. Net congestion income will be shared equally by the two TSOs concerned. When a co-ordinated congestion management method is applied, the income shall be shared according to criteria agreed between TSOs which reflect the value of the transmission capacity at each interconnector.
- 5.2. By 31 March in each year, the regulatory authorities must publish a report setting out the use made of the revenues in question with a verification that this applications comply with this principle and rules and that the total amount of congestion rents are devoted to any of the three purposes considered.
- 5.3. When taken into account in the process of calculating the network tariffs, congestion rents should lead to a reduction of tariffs on top of any other regulatory method used for the calculation of tariffs.
- 5.4. On how to assign costs incurred to maintain allocated capacity, to be developed....

[**Comment:** EuroPEX agrees on the need for clarity and regulation over the use of the congestion income but does not, as a policy, comment on these regulatory issues.]