



# European Commission DG Energy and Transport

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## 11<sup>th</sup> Florence forum

### Draft congestion management guidelines

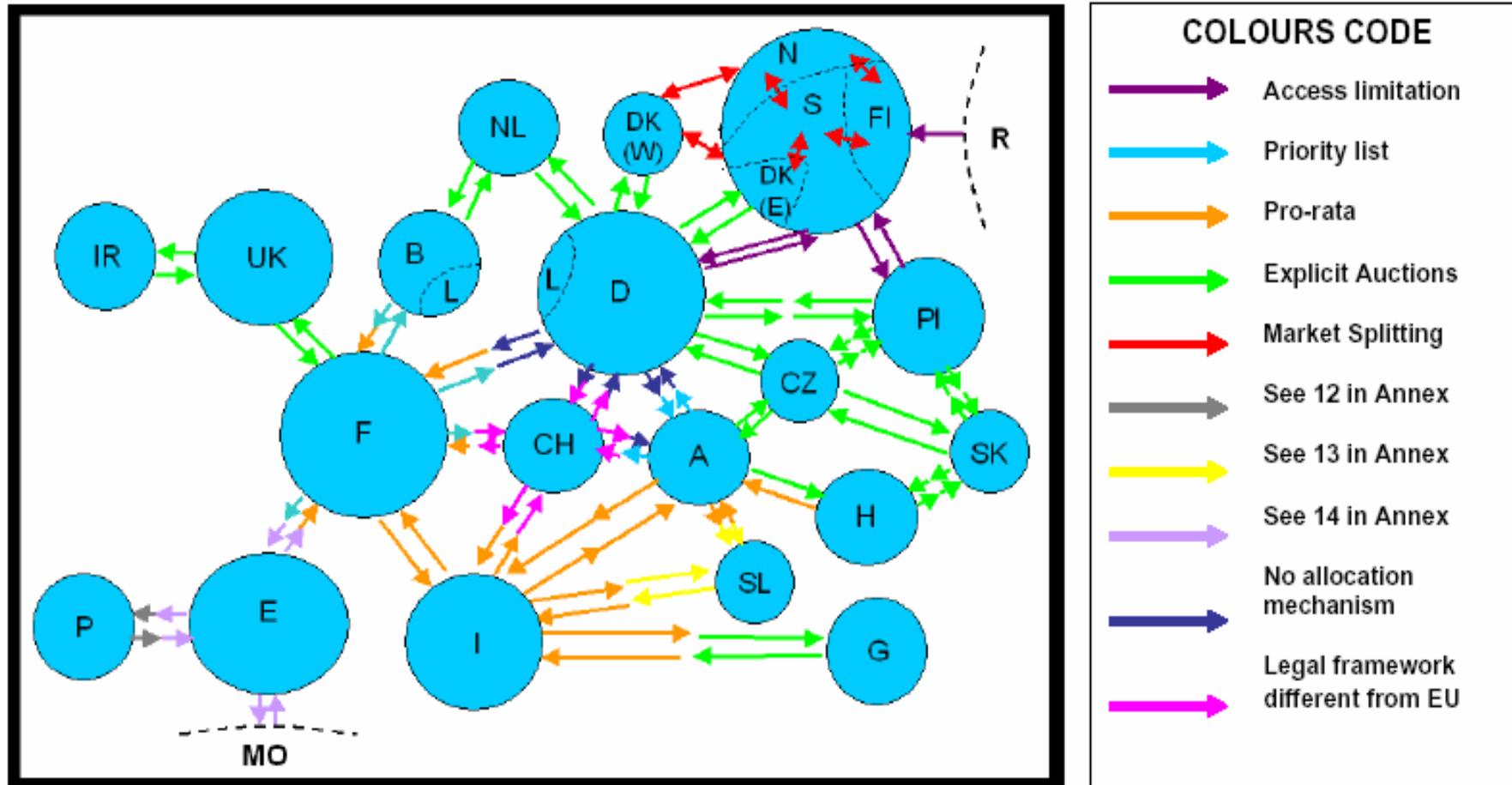
**Rome 16.9.2004**

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# Status of congestion management





# Status of congestion management in Europe

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On 25 most congested interconnectors:

- 12 interconnectors are managed with market-based methods
  - ◆ 13 with non-market based methods
- 14 interconnectors have a joint method agreed between the TSOs/regulators concerned
  - ◆ In 11 cases:
  - ◆ 50%-50% split of the capacity or
  - ◆ capacity has to be obtained from both TSOs or
  - ◆ allocation is unilateral





## Purpose of the congestion management guidelines

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- Provide economic efficiency and promote competition
- Maximise available capacity
- Provide transparency
- Allow secure network operation
- Ensure revenue neutrality from the point of view of system operators





## Draft guidelines, main issues

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- **Choice of the congestion management method**
- **Timeline of the capacity allocation and other congestion management activities**
- **Co-ordination of the congestion management**
- **Transparency**

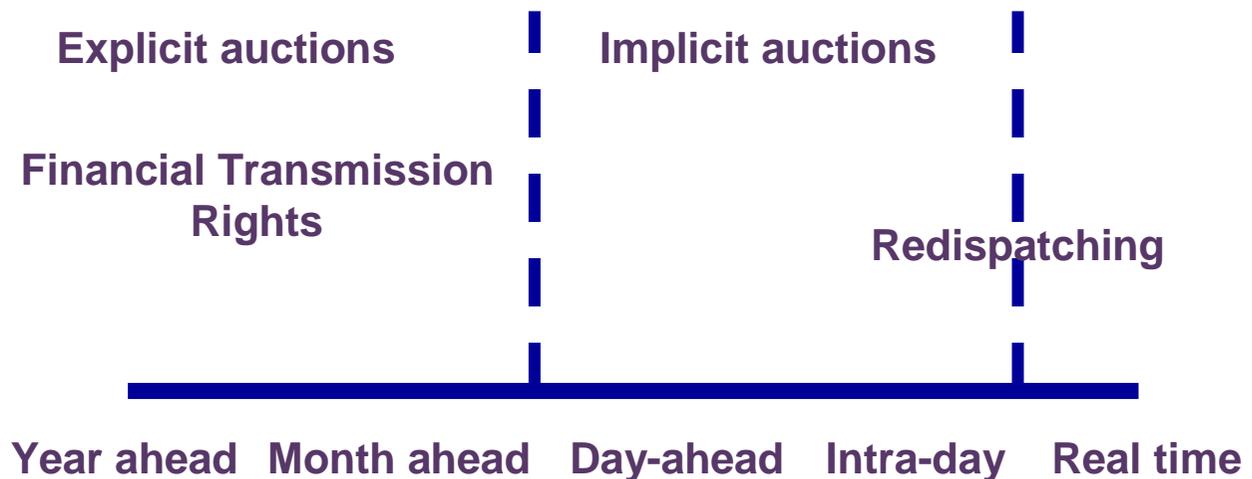




# Choice of the congestion management method



- **Explicit auctions for longer term capacity allocation**
- **Implicit auctions for shorter term capacity allocation**
- **Redispatching for “finetuning” and for secure network operation**





## Co-ordination of congestion management

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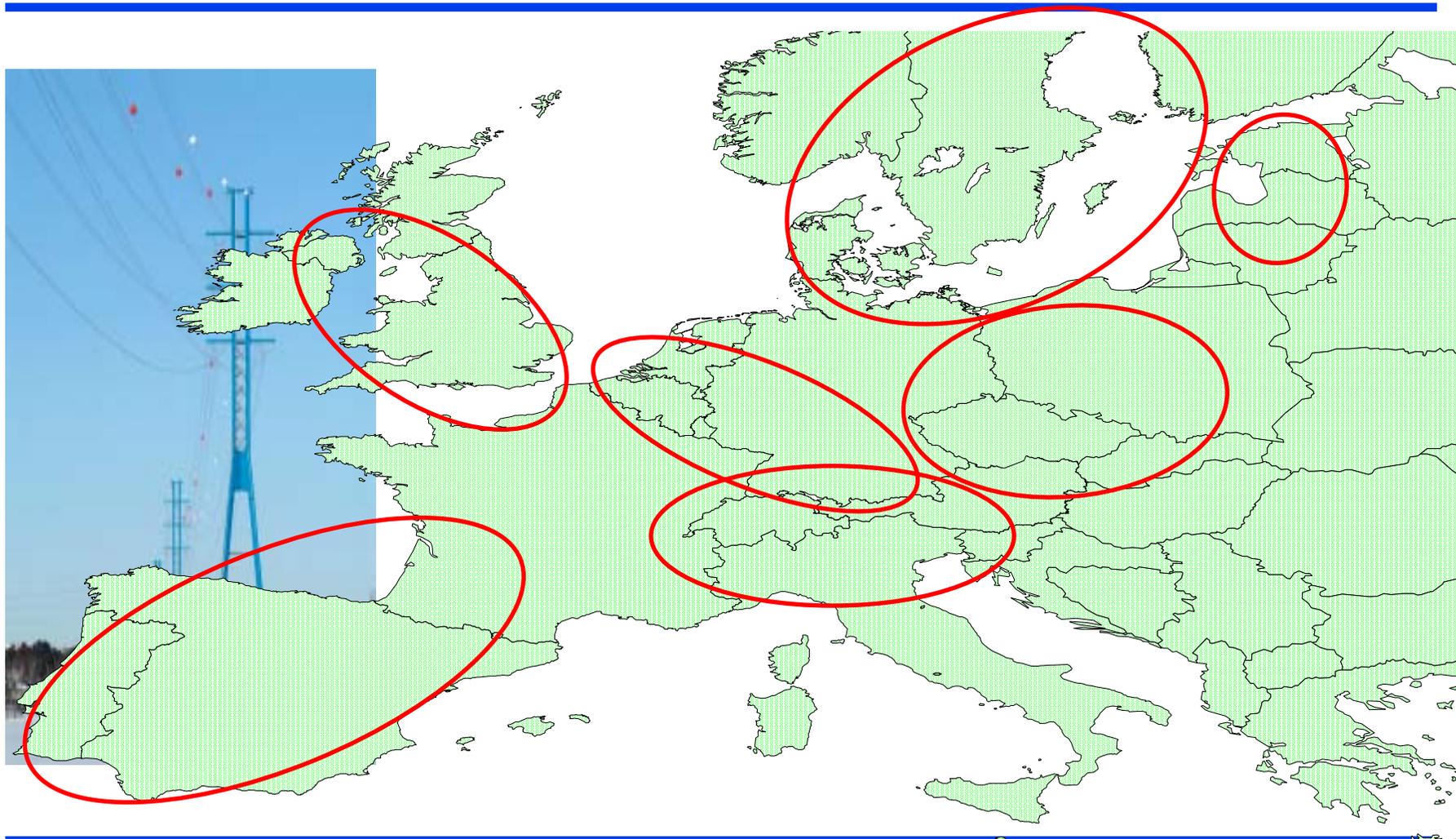


- **Clear evidence that flow-based capacity determination/allocation is more efficient than fixed bilateral ATCs**
- **Co-ordinated explicit auctions**
- **Market coupling (EuroPEX, ETSO)**
- **Consentec/Frontier Economics study recommends a hybrid system**





## Proposed areas with a common multilateral capacity allocation





## Issues for discussion

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- **Timetable to introduce implicit auctions**
- **Practical implementation of the coordinated congestion management**
- **European intra-day, reserve power and balancing markets**
- **Coherence with the security and reliability rules**





## Conclusions and Way Forward

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- **Market based methods need to be implemented without delay, jointly by the TSOs/regulators concerned**
- **Implementing of draft guidelines will provide a major step forward in efficient use of interconnectors**
- **Solid ideas of further improvements already exist, practical work on their implementation can start**

