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Congestion Management Procedures

Michael Jenner, Senior Manager

DECC-Ofgem stakeholder meeting, 7 February 2013

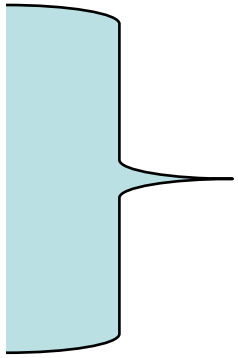
The 4 CMP mechanisms

Aim: Ensure interconnectors are used efficiently. If all primary capacity has been sold – un-used capacity is to be freed up and offered to the market on a firm basis:

1. Oversubscription and buy-back

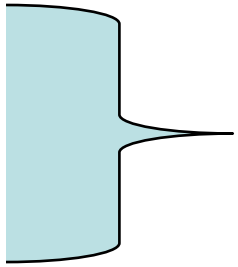
2. Long-term UIOLI

3. Surrender of contracted capacity



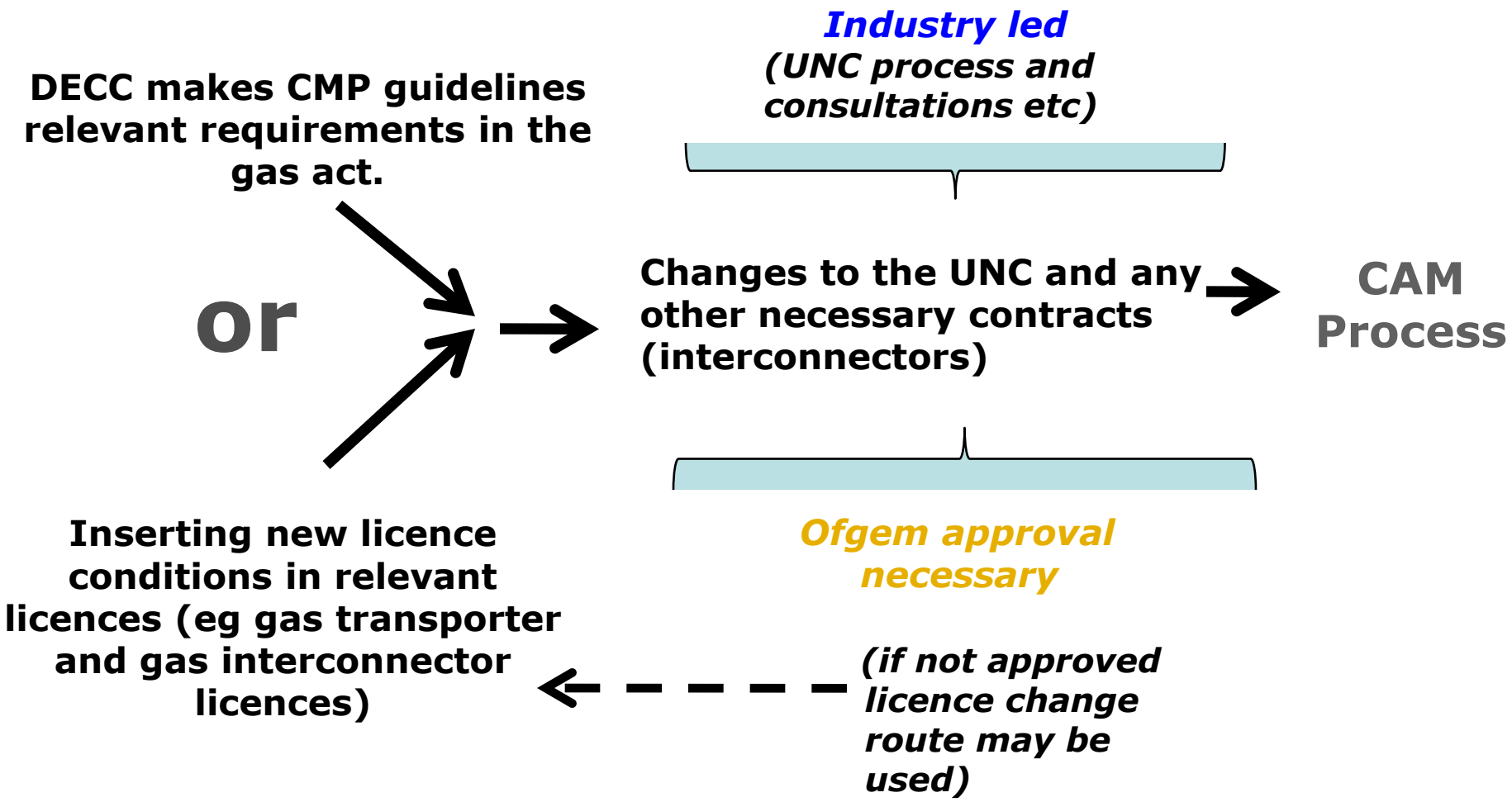
1 Oct 2013

4. Firm day-ahead UIOLI



1 July 2016 ?

CMP implementation options

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CEER/ACER work on Incremental capacity

Konrad Keyserlingk, Senior Manager

DECC-Ofgem stakeholder meeting, 7 February 2013

Background

During CAM-process, stakeholders highlighted need to deal with incremental capacity.

European Commission asked ACER to look at this in Transmission Tariff Structures FG context.

CEER identified need for market-based incremental capacity regime in gas target model context.

- Frontier study on incremental capacity provision (due out soon)
- Commitment to deliver blueprint on incremental capacity to April '13 Madrid Forum
- Public consultation in Autumn 2012

- CAM network code is now being finalised in Comitology
- Transmission Tariff Structures FG is now being finalised by regulators/ ACER

Going forward:

- Stakeholder roundtable
- Madrid Forum
- Public workshop
- Amending legal framework

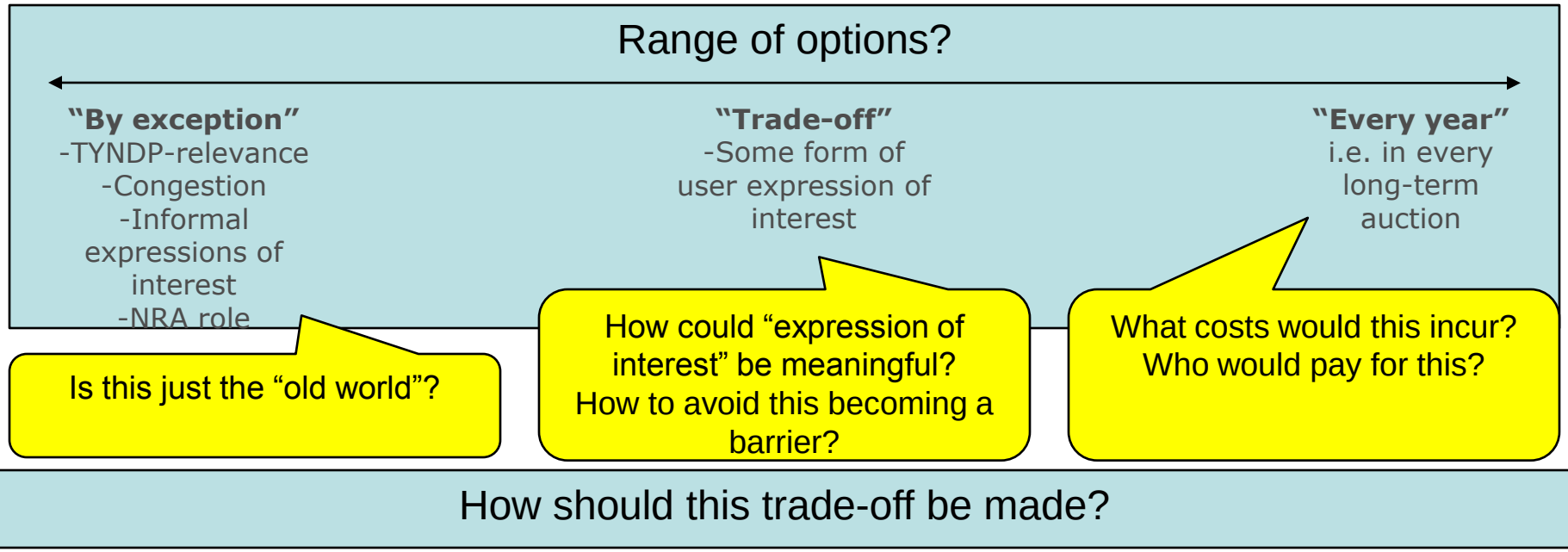
Key issues

- Scope
- When to run an incremental capacity process ("Trigger phase")
- How to identify the incremental capacity need ("Economic test phase")
- How to allocate the incremental capacity ("Allocation phase")
- How to design the economic test
- Cross-border cooperation
- Interactions with tariffs regime
- What to make legally binding and how

Focus for today

When to run process ("trigger phase")

- Aim is to design a predictable and transparent process that enables the market to signal a need for incremental capacity at the right time (i.e. regularly?).
- Starting point could be that every auction of annual capacity includes an opportunity to signal incremental capacity
- Concerns that designing the economic test for bundled capacity at every European interconnection point every year is costly



How to identify the incremental capacity need and allocate capacity ("economic test/ allocation phase")

- Background: GB incremental capacity regime, Open Seasons
- Aims: efficient process that retains the benefits of CAM and extends these benefits to incremental capacity is much as possible.

An integrated option

- Either bids are placed in ascending clock as for existing
- Or parallel bidding ladders for different levels of existing+incremental capacity
- Then apply economic test and allocate capacity accordingly

Perhaps most suitable for small increments?

An Open Season procedure

-Pre-phase to run economic test (OS element)
-Those users triggering successful economic test are obliged to participate in auction at that level
-Then normal auction is run for existing and incremental capacity

Perhaps most suitable for corridors or new interconnection pts? One problem is that those users triggering the increment may lose out in CAM auction.

Is there a place for more traditional Open Seasons?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