

Congestion revenues according to Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003

Background

The Swedish Regulatory Authority in Energy, Swedish Energy Markets Inspectorate, shall by 31 July each year publish the amount and the use of congestion revenues according to the Electricity Regulation (EC) No 714/2009¹.

The Energy Markets Inspectorate has in letters dated 14 May 2013 to Affärsverket svenska kraftnät and Baltic Cable AB requested information on the amount and the use of congestion revenues collected during the period 1 July 2012 to 30 June 2013.

Between the Nordic countries, price mechanisms are used to relieve grid congestion (bottlenecks). The method used is implicit auctions through Nord Pool Spot. The congestion revenues are published for every month at Nord Pool Spot (currency EUR).

Affärsverket svenska kraftnät

Affärsverket svenska kraftnät (letter dated 4 July 2013) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2012	336 437
August 2012	192 855
September 2012	248 305
October 2012	65 942
November 2012	53 013
December 2012	84 500
January 2013	26 517

¹ Commission decision 13 July 2009 amending the Annex to Regulation (EC) No 714/2009 on conditions for access to the network for cross-border exchanges in electricity, Annex Guidelines on the management and allocation of available transfer capacity of interconnections between national Systems, point 6.5 "On an annual basis, and by 31 July each year, the regulatory authorities shall publish a report setting out the amount of revenue collected for the 12-month period up to 30 June of the same year and the use made of the revenues in question, together with verification that use complies with this Regulation and those Guidelines and that the total amount of congestion income is devoted to the prescribed purposes".

Month	Revenue (kSek)
February 2013	28 984
Mars 2013	34 211
April 2013	16 919
May 2013	27 196
June 2013	52 869
Total	1 167 748

SwePol Link AB

The revenues from SwePol Link AB are reported by Affärsverket svenska kraftnät as the operation has been acquired by Affärsverket svenska kraftnät in august 2012.

SwePol Link AB:s congestion revenues for the two months before the sale were as follows:

Month	Revenue (kSek)
July 2012	37 157
August 2012	30 475
Total	67 632

The revenues from September 2012 and onwards are included in Affärsverket svenska kraftnäts accounting.

Baltic Cable AB

Baltic Cable AB (letter dated 4 July 2013) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2012	82 240
August 2012	37 434
September 2012	1 676
October 2012	25 732
November 2012	2 791
December 2012	21 278
January 2013	16 440
February 2013	22 595
Mars 2013	22 603
April 2013	19 148
May 2013	17 681
June 2013	1 751
Total	284 369

The use of collected congestion revenues

According to Affärsverket svenska kraftnät, collected revenues have been used to finance electricity grid reinforcements and that the purpose of the reinforcements is to reduce existing bottlenecks, guarantee the actual availability of the allocated capacity and maintain or increase interconnection capacities through network investments. Both Baltic Cable AB and SwePol Link AB have reported that the collected revenues mainly are used by the company to guarantee the accessibility and allocation of the transfer capacity on the interconnector.

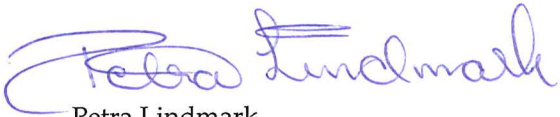
From the information presented by Affärsverket svenska kraftnät Swedish Energy Markets Inspectorate can conclude that the use of the collected revenues complies with the EU regulation and has therefore not found any reason to further investigate Affärsverket svenska kraftnät's use of collected congestion revenues for the above mentioned period.

Regarding the use of congestion revenues for Baltic Cable AB and SwePol Link AB Swedish Energy Markets Inspectorate has concluded that the situation is different compared to Affärsverket svenska kraftnät. The review of, to which extent the use of congestion revenues are in compliance with the regulations, is diverged from the situation for TSO's as a consequence of the following circumstances:

1. The congestion revenues has not occurred by bottlenecks in the part of the grid that the cables consist of,
2. the owners of the cables has not the opportunity to collect tariffs, i.e there are no other sources of revenues,
3. the size of the congestion revenues is entirely settled by the markets on each side of the cables.

In the light of these circumstances Swedish Energy Markets Inspectorate has concluded that the reported use of congestion revenues does not occur any reason to consider further investigation of the use of congestion revenues.


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