

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 27 May 2014 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 2013 to 30 June 2014.

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 2014) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2013	52 251
August 2013	60 136
September 2013	108 078
October 2013	73 056
November 2013	87 367
December 2013	132 873
January 2014	102 496

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 2014	61 604
Mars 2014	126 728
April 2014	64 261
May 2014	76 887
June 2014	143 344
Total	1 089 083

Baltic Cable AB

Baltic Cable AB (letter dated 1 July 2014) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2013	6 388
August 2013	0
September 2013	3 865
October 2013	17 057
November 2013	12 620
December 2013	29 070
January 2014	23 126
February 2014	16 911
Mars 2014	22 316
April 2014	14 197
May 2014	10 957
Juni 2014	3 164
Totalt	159 671

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. Baltic Cable 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.

Swedish Energy Markets Inspectorate can conclude from the information presented by Affärsverket svenska kraftnät 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.

Swedish Energy Markets Inspectorate has concluded that the situation is different regarding the use of congestion revenues for Baltic Cable AB 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.

The Swedish Energy Markets Inspectorate conclude that Baltic Cable AB's reporting of the use of revenues from the allocation of interconnection contain explanation that has to be analysed in more detail. The Swedish Energy Markets Inspectorate intends therefore to make further investigations regarding the use of the revenues from allocation of interconnector in order to be able to conclude whether the use of the collected revenues complies with the EU regulation.


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