

European Commission

Annual report on 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 National Regulatory Authorities, in Sweden the Energy Markets Inspectorate (Ei), shall in accordance with the Regulation (EC) No 714/2009¹, on an annual basis, and by 31 July each year publish a report on congestion revenues. The report shall set out the amount of revenue collected by Transmission System Operators (TSO) and the use made of the revenues in question, together with verification that that use complies with the Regulation and that the total amount of congestion income is devoted to the prescribed purposes.

Price mechanisms are used to relieve grid congestion (bottlenecks) between price areas. The TSO receives revenues from the allocation of capacity. The method used in the Nordic is implicit auctions through Nord Pool Spot. The congestion revenues are published on monthly basis at Nord Pool Spot's website (currency EUR).

Affärsverket svenska kraftnät and Baltic Cable AB are TSOs in Sweden. Ei has requested information from the TSOs regarding the amount of revenue collected during the period 1 July 2017 to 30 June 2018 and the use of the revenues.

Affärsverket svenska kraftnät

Affärsverket svenska kraftnät has reported congestion revenues as follows:

Table 1 Affärsverket svenska kraftnät

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".

Date
2018-07-12

Our reference
2018-102147

Month	Revenue (kSek)
July 2017	93 624
August 2017	108 632
September 2017	154 846
October 2017	138 683
November 2017	164 430
December 2017	171 657
January 2018	93 382
February 2018	92 003
Mars 2018	81 201
April 2018	37 808
May 2018	198 861
June 2018	155 695
Total	1 490 822

Baltic Cable AB

Baltic Cable AB has reported congestion revenues as follows:

Table 2 Baltic Cable

Month	Revenue (kSek)
July 2017	11 585
August 2017	8 072
September 2017	195
October 2017	9 269
November 2017	23 181
December 2017	20 030
January 2018	12 690
February 2018	8 155
Mars 2018	7 464
April 2018	0
May 2018	1 498
June 2018	11 017
Total	113 156

The use of collected congestion revenues

Affärsverket svenska kraftnät

According to Affärsverket svenska kraftnät, collected revenues have been used to guarantee the actual availability of the allocated capacity through counter trading and network investments with the purpose to maintain or increase interconnection capacities.

If it is not possible to use all the congestion revenues for this purpose, the surplus will be placed on a separate account line until it can be spent accordingly to the regulation.

Ei can from the information presented by Affärsverket svenska kraftnät conclude that the use of the collected revenues complies with the Regulation. Ei has therefore not found any reason to further investigate Affärsverket svenska kraftnät's use of collected congestion revenues for the above-mentioned period.

Baltic Cable AB

Ei concluded in 2014 and 2015 that Baltic Cable AB's reporting of the use of revenues from the allocation of interconnection contained explanations that required further analysis. On this basis, Ei further investigated the company's use of the revenues from allocation of interconnector to be able to conclude whether the use of the collected revenues complies with the Regulation. The result of this investigation was that Ei considered that Baltic Cables use of the congestion revenues not complied with the Regulation. The investigation also resulted in an imposition of fines directed to Baltic Cable on 9 June 2016. Baltic Cable has appealed Ei's decision and the decision is currently of judicial review in the Administrative Court. On the 5th of July the Administrative Court decided to obtain a preliminary ruling from the Court of Justice of the European Union regarding the interpretation of the Regulation (EC) No 714/2009.

Baltic Cable AB refers to the ongoing court action regarding the applicability of the Regulation. Baltic Cable understands that Ei is not for the moment handling the corresponding reports on the collected congestion revenues from 2016 and 2017 as Ei is awaiting the Court's decision on the earlier matters. Baltic Cable has also stated that the collected revenues has been used, among other things, to cover costs for exchanges in electricity and to maintain the availability and allocated transfer capacities of the transmission link. The board then proposes to the annual meeting how the remaining profit should be disposed of.

The decision of the court is crucial for Ei's assessment about whether the congestion revenues are used accordingly to the regulation. Ei has therefore commenced inspection regarding Baltic Cable's use of the congestion revenues collected in 2016 and 2017. Ei has however stayed the matters awaiting the decision from The Administrative Court.

Tony Rosten
Head of department / Deputy Director General

Sandra Kaplin
Analyst