

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 Authority for energy 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 setting out the amount of revenue collected and the use made of the revenues in question, together with verification that that use complies with the Regulation.

Ei has in letters dated 8 June 2017 to Affärsverket svenska kraftnät and Baltic Cable AB requested information on the amount of revenue collected during the period 1 July 2016 to 30 June 2017 and the use made of the revenues in question.

Price mechanisms are used to relieve grid congestion (bottlenecks) between price areas. The method used is implicit auctions through Nord Pool Spot. The congestion revenues are published on a monthly basis at Nord Pool Spot's website (currency EUR).

Affärsverket svenska kraftnät

Affärsverket svenska kraftnät (letter dated 5 July 2017) has reported congestion revenues as follows:

Table 1 Affärsverket svenska kraftnät

Month	Revenue (kSek)
July 2016	38 170
August 2016	56 668
September 2016	95 639
October 2016	50 715

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)
November 2016	41 688
December 2016	92 812
January 2017	73 085
February 2017	124 978
Mars 2017	54 682
April 2017	52 216
May 2017	59 635
June 2017	109 674
Total	849 961

Baltic Cable AB

Baltic Cable AB (letter dated 3 July 2017) has reported congestion revenues as follows:

Table 2 Baltic Cable

Month	Revenue (kSek)
July 2016	4 834
August 2016	8 841
September 2016	2 797
October 2016	3 971
November 2016	7 719
December 2016	24 610
January 2017	71 461
February 2017	24 586
Mars 2017	11 294
April 2017	10 278
May 2017	11 779
Juni 2017	9 451
Total	191 621

The use of collected congestion revenues

According to Affärsverket svenska kraftnät, collected revenues have been used to guarantee the actual availability of the allocated capacity through counter trading and to network investments with the purpose to maintain or increase interconnection capacities. If it is not possible to use all of the congestion revenues it will be placed in a separate account line until such time it can be spent accordingly to the regulation.

Ei can conclude from the information presented by Affärsverket svenska kraftnät 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 initially refers to the ongoing court action regarding the applicability of the Regulation. 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.

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 in order to be able to conclude whether the use of the collected revenues complies with the Regulation. The investigation 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 Swedish administrative court. The decision of the court is crucial for Ei's assessment about whether the congestion revenues are used accordingly to the regulation.

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