

Tariff Regulation

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, the 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 2 May 2012 to Affärsverket svenska kraftnät, Baltic Cable AB and SwePol Link AB requested information on the amount and the use of congestion revenues collected during the period 1 July 2011 to 30 June 2012.

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 5 July 2012) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2011	29 778
August 2011	77 715
September 2011	93 444

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)
October 2011	99 519
November 2011	194 924
December 2011	119 774
January 2012	15 971
February 2012	231 877
Mars 2012	81 193
April 2012	106 528
May 2012	134 303
June 2012	350 949
Total	1 535 975

Baltic Cable AB

Baltic Cable AB (letter dated 3 July 2012) has reported congestion revenues as follows:

Month	Revenue (kSek)
July 2011	17 893
August 2011	20 138
September 2011	38 802
October 2011	25 680
November 2011	4 634
December 2011	50 761
January 2012	21 215
February 2012	33 318
Mars 2012	47 692
April 2012	39 714
May 2012	24 132
June 2012	14 827
Total	338 806

SwePol Link AB

The revenues that SwePol Link AB has reported are both transit- and congestion revenues. The reason for that is that SwePol Link's transit income included income related to a guarantee commitment. The congestion revenue reported is the total congestion revenue for the cable.

SwePol Link AB (letter dated 5 July 2012) has reported both transit- and congestion revenues as follows:



Month	Transit Income (kSek)	Revenue (kSek)
July 2011	16 448	6 598
August 2011	16 817	5 689
September 2011	14 966	13 131
October 2011	18 576	4 651
November 2011	19 959	5 336
December 2011	23 417	8 208
January 2012	12 985	5 992
February 2012	13 104	5 668
Mars 2012	15 790	21 269
April 2012	13 962	9 142
May 2012	13 689	18 426
June 2012	12 977	7 416
Total	192 690	111 526

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 the 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 the 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 the Energy Markets Inspectorate has concluded that it does not exist any reason to consider further investigation of the use of congestion revenues, or that the use not would be in compliance with the Electricity Regulation to such extent that measures has to be taken.

A handwritten signature in blue ink, consisting of a long, sweeping curve followed by a smaller, more detailed flourish.

Tony Rosten
Deputy Director General

A handwritten signature in blue ink, written in a cursive style that reads 'Petra Lindmark'.

Petra Lindmark
Legal adviser