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# 7<sup>th</sup> ACER Report on congestion in the EU gas markets and how it is managed

Period covered: 2019

May 2020

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# Contents

1. Executive summary .....	3
2. Introduction.....	5
3. Analysis of contractual congestion .....	5
3.1 Assessment methodology .....	5
3.2 Identification of contractually congested IPs.....	6
3.3 Severity of contractual congestion .....	8
3.4 Conclusion on the congestion analysis: application of FDA UIOLI.....	9
4. Application of CMPs .....	9
5. Recommendations .....	11
5.1 Recommendations for ENTSOG and TSOs .....	11
5.2 Policy recommendations .....	11
5.3 Suggestions for further analysis.....	12
Annex I: List of the IP sides for which NRAs should require the FDA UIOLI application .....	14
Annex II: Map depicting the 37 congested IP sides.....	16

# 1. Executive summary

- (1) In this Report, the European Union Agency for the Cooperation of Energy Regulators (“the Agency”) monitors contractual congestion in the EU gas markets and how it is addressed. The presence of contractual congestion implies that some network users were not able to acquire the capacity product of their choice and they had to rely on mitigating measures to access the market. Such measures are necessary to improve the efficient use of the network and the overall market efficiency, and to avoid investment in physical capacity when contracted capacity remains unused. To harmonise the approaches for identifying and dealing with contractual congestion, the European Commission issued Commission Guidelines on Congestion Management Procedures (“CMP GL”)<sup>1</sup>.
- (2) While the problem of contractual congestion is currently less important than it was at the time the CMP GL were issued, the Agency continues to publish an annual Report to fulfill its legal obligation. This edition of the Report covers capacity products sold during 2019 for use in 2019, 2020 or 2021 and takes stock of the Congestion Management Procedures (“CMPs”) that have been used in 2019.
- (3) The Agency finds that in 2019:
  - Congestion has increased slightly compared to previous years;
  - Most congestion is due to auction premia, such premia primarily occurred in the auction of quarterly capacity products;
  - About 40% of congested IP sides have been found congested before and the amount of capacity made available via secondary capacity trading and allocation of interruptible capacity is well below the amount of capacity that has been requested unsuccessfully by network users;
  - Oversubscription remains the most applied Congestion Management Procedure (“CMP”), whereas capacities made available via Firm Day-Ahead Use-It-Or-Lose-It (“FDA UIOLI”) and Surrender mechanisms dropped significantly;
  - About half of the congested IPs are already covered by the FDA UIOLI, for the other half NRAs need to take action.
- (4) Based on the data provided by the European Network of Transmission System Operators for Gas (“ENTSOG”) and the three Booking Platforms, Table 1 summarises the Agency’s main observations regarding contractual congestion in the analysis year 2019.

*Table 1: Main observations regarding congestion in the analysis year 2019*

Observations concerning analysis year 2019	Number
Number of congested IP sides (out of 239 CMP-relevant IP sides)	37 (15.5%)
- Due to auction premia	30 (12.5% of total)
- Due to non-offer	7 (3% of total)
Occurrences of auction premia per product* (out of 138 auction premia)	
- Yearly products	27 (20%)
- Quarterly products	59 (43%)
- Monthly products	52 (37%)

\* Multiple auction premia can occur at the same IP side

<sup>1</sup> Commission Decision of 24 August 2012 on amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks (2012/490/EU), OJ L 213/16, 28.8.2012, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:231:0016:0020:en:PDF>

- (5) For those IP sides that were found to be congested, the Agency examined the severity of the congestion with the following indicators: unsuccessful requests, capacity trades on the secondary market, demand for interruptible capacity (and effective interruptions), and recurrent<sup>2</sup> presence of IPs in previous editions of the Congestion Report. Table 2 lists the main observations on severity of congestion aggregated for the congested IP sides.

*Table 2: Main observations regarding severity of congestions (at congested IP sides)*

Observations concerning analysis year 2019	Numbers
Number of IP sides found congested for the first time	23
Number of IP sides with recurrent inclusion in Congestion Reports	14
Technical capacity of congested IP sides	7,320.2 GWh/d
Unsuccessful requests	2,816.4 GWh/d
Capacity made available via secondary trades	623.9 GWh/d
Interruptible capacity allocated	817.6 GWh/d
Effective interruptions (counted as days on which interruption occurred)	184 days

- (6) Physical congestion, indicated by actual interruptions of interruptible capacity, occurred at 7 contractually congested IP sides with varying frequencies.
- (7) The Agency checked the application of CMPs at the congested IPs. The FDA UIOLI mechanism is already applied at 21 of the 37 IP sides detected as congested. This means that at the remaining 16 congested IP sides, the respective National Regulatory Authorities (“NRAs”) shall require the relevant Transmission System Operator(s) (“TSO(s)”) to implement and apply the FDA UIOLI mechanism, according to Point 2.2.3(1) of the CMP GL, or show that the congested situation is unlikely to reoccur in the following three years. NRAs can use the information contained in this Report in their decision making. The list of congested IPs and their depiction on a map is available in Annex I and Annex II, respectively, of this Report. A separately published Technical Annex contains the full analysis of all IP sides regarding congestion and application of CMPs.
- (8) The Agency has been publishing Congestion Reports since 2014 and the observations vary from one year to the other. Currently, the Agency does not investigate the reasons underlying these changes, which would require advanced analysis. Nevertheless, the Agency observes the following evolutions over time of congestion and of the application of CMPs as listed in Table 3.

*Table 3: Evolution of congestion and CMP application*

Evolution over recent Congestion Reports	2016	2017	2018	2019
Number of congested IPs	23	17	31	37
Application of CMPs [GWh/d]				
- LT UIOLI	0	8.6	3,190.6	3,190.6
- FDA UIOLI	97.6	486.8	492,352.2	225,931.6
- Oversubscription	404.9	5,175	1,638,285.4	1,667,881.5
- Surrender	6.3	535.6	281,616.6	71,818.1

- (9) Based on its analysis, the Agency formulates a set of recommendations addressed to TSOs, ENTSOG and the European Commission in Section 5 of this Report. These recommendations largely reiterate recommendations already formulated in previous Reports. Additionally, the Agency invites the research community and other interested parties to explore contractual congestion broader and deeper than the analysis provided in this Report to gain new insights in congestion in the EU gas systems.

<sup>2</sup> Recurrent means an IP side has been found contractually congested in at least one previous edition of the Congestion Report.

## 2. Introduction

- (10) The CMP GL, in particular its Point 2.2.1(2), stipulate that the Agency has to publish a yearly report on contractual congestion at IPs. The present Congestion Report is the seventh Report fulfilling this legal obligation.
- (11) This Report uses the concepts of contractual congestion and physical congestion that are defined in Articles 2(21) and 2(23) of Regulation (EC) No 715/2009 in the following way:
- “*Contractual congestion*” means a situation where the level of firm capacity demand exceeds the technical capacity;
  - “*Physical congestion*” means a situation where the level of demand for actual deliveries exceeds the technical capacity at some point in time.
- (12) Contractual congestion during time periods without physical congestion can be tackled through the CMPs laid down in the CMP GL. Additionally, the CMP GL contain certain criteria that require the application of the FDA UIOLI mechanism.
- (13) The criteria which may lead to the application of the FDA UIOLI are set out in Point 2.2.3(1) of the CMP GL. In particular, FDA UIOLI shall be applied at IPs where, based on this Report, it is shown that demand exceeds supply at the reserve price when auctions are used, in the course of capacity allocation procedures for products for use in either that year or in one of the subsequent two years:
- for at least three firm capacity products with a duration of one month, or
  - for at least two firm capacity products with a duration of one quarter, or
  - for at least one firm capacity product with a duration of one year or more, or
  - where no firm capacity product with duration of one month or more has been offered.
- (14) The concepts above are used for the Agency’s screening of the data made available by ENTSOG and the data contained in auction reports from the booking platform operators GSA Platform, PRISMA and RBP.
- (15) The remainder of this Report contains the congestion analysis in Chapter 3 and an analysis concerning the application of CMPs in Chapter 4. The Report concludes with a set of recommendations addressed to the European Commission, NRAs and TSOs, and suggestions for further analysis, e.g., for research institutes and scholars.

## 3. Analysis of contractual congestion

### 3.1 Assessment methodology

- (16) The congestion analysis contains two parts. The first part concerns the assessment of the existence of congestion at IP sides. The second part concerns the assessment of the severity of the identified congestions.
- (17) First, with respect to the assessment of the existence of contractual congestion, the data provided by ENTSOG were analysed. Furthermore, auction reports were collected from the booking platforms, consolidated and screened IP by IP, for the offer and non-offer of capacity products and for those auctions at IPs where the total capacity demand exceeded the offer and/or where auction premia occurred for monthly, quarterly and yearly products. The Agency repeats its long-standing concern that combining both data sets remains resource intensive due to the lack of consistent conventions for identifying TSOs and IPs through EIC codes as the most obvious solution.

- (18) In line with the criteria set out in Point 2.2.3(1) of the CMP GL, the IP sides for which auction premia and/or non-offers of firm products occurred were labeled as contractually “congested”. The IP sides have been classified accordingly into four mutually-exclusive categories:
- i. “*Congested*”: those which meet the criteria set in sub-Points (a) to (d) of Point 2.2.3(1) of the CMP GL, but do not fall into category ii below;
  - ii. “*Formally congested*”<sup>3</sup>: those which only meet the criterion set in sub-Point (c) of Point 2.2.3(1) of the CMP GL because of a missing yearly product for the Gas Year 2020/21 in the auction of July 2019;
  - iii. “*Close to be congested*”: those which had auction premia occurring at a lower frequency than the threshold defined in the CMP GL criteria, namely either two monthly products or one quarterly product;
  - iv. “*Not congested*”: those which do not meet the criteria (a) to (d) of Point 2.2.3(1) of the CMP GL and do not fall into category iii above.
- (19) Second, with respect to the assessment of the severity of contractual congestion for those IP sides identified as congested (category i above), the Agency collected and analysed further information on “unsuccessful requests”, on the products (monthly, quarterly, yearly) traded on the secondary market and on whether interruptible capacity was allocated at an IP side. Finally, the Agency also connected the current analysis to the previous editions of the Congestion Report.
- (20) The volume of “unsuccessful requests” sheds light on the extent of congestion where auction premia have occurred. Unsuccessful requests are calculated by subtracting total allocated capacity from total demanded capacity at the reserve price.
- (21) The information on interruptible capacity bookings can be used in the analysis to indicate that demand for capacity exceeded the actual offer of firm capacity. This is in line with the provision of the CMP GL “to take into account the use of interruptible capacity”. Additionally, the occurrence of actual interruptions of nominated interruptible capacity was documented as a possible indicator for physical congestion.
- (22) For the identified contractually congested IP sides, the Agency assessed the severity of congestion at IP sides based on:
- the amount of unsuccessful requests (where auction premia occur);
  - to which extent secondary capacity trading took place;
  - to which extent interruptible capacity was allocated and whether interruptions occurred;
  - whether they were found congested in the previous Congestion Reports;
- (23) The chapter closes with the conclusion concerning the application of FDA UIOLI at congested IPs.

### 3.2 Identification of contractually congested IPs

- (24) For this year’s Report, 354 IP sides were considered to be CAM-relevant, of which 239 were considered CMP-relevant, based on the feedback received from the TSOs.

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<sup>3</sup> Some TSOs still did not offer the standard yearly products beyond the following gas year or the yearly capacity product for 2020/21 could not be offered due to the short-term “quota” obligation (i.e. capacity set aside according for short-term use pursuant to Article 8(7)(b) of NC CAM). It should be noted that the amended NC CAM (Commission Regulation (EU) 2017/459) obliges the TSOs to offer at least the upcoming 5 gas years from July 2018 on, concerning yearly products.

- (25) The year-to-year composition of IP sides changes for several reasons. For instance, several physical IP sides have been merged into a lower number of virtual interconnection points (VIPs)<sup>4</sup>. On the other hand, newly created IP sides<sup>5</sup> were included in the list for the first time.
- (26) In the previous Reports, the term “contractually congested” was introduced to comprise the IP sides that are either congested or could be congested in the future. The label “contractually congested” combines “congested” and “formally congested” IP sides in the classification used for this Report; nevertheless, the main focus remains on “congested” IP sides. A Technical Annex that is published alongside this Report contains the full classification of IP sides and clarifications provided by TSOs and NRAs on possible reasons for the occurrence of congestion.
- (27) According to the criteria (a) to (d) of Point 2.2.3(1) of the CMP GL, 37 IP sides were identified as congested.
- (28) The occurrence of auction premia resulted in 30 IP sides being classified as congested, of which:
- 6 IP sides had auction premia for all types of products (monthly, quarterly and yearly)<sup>6</sup>;
  - 7 IP sides had premia on monthly and quarterly products;
  - 4 IP sides had premia on monthly and yearly products;
  - 3 IP sides had premia on quarterly and yearly products;
  - 7 IP sides had premia on yearly products only;
  - 3 IP sides had premia for quarterly products only.
- (29) 7 IP sides were identified as congested due to the non-offer of capacity products.
- (30) Congestion triggered by occurrences of auction premia increased to 30 in 2019 (from 9 in 2016, 6 in 2017 and 16 in 2018) and by occurrences of non-offer of firm capacity products decreased to 7 in 2019 (from 14 in 2016, 11 in 2017 and 15 in 2018). The increasing occurrence of auction premia and the decrease of occurrences of non-offer is in line with the market moving towards auctions for capacity allocation.
- (31) Figure 1 graphically presents the results of the analysis.

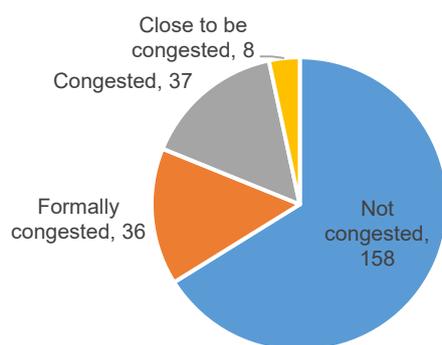
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<sup>4</sup> E.g., inclusion of physical IPs occurred at VIP Belgium-NCG, VIP Germany-CH, VIP France-Germany, VIP Waidhaus NCG, VIP Oberkappel and VIP L GASPOOL-NCG.

<sup>5</sup> E.g., Hermanowice.

<sup>6</sup> The concerned IP sides are Csanadpalota (HU>RO exit and entry), Mosonmagyaróvár (AT>HU exit and entry), Oberkappel (DE>AT entry) and VIP Oberkappel (DE>AT exit).

Figure 1: Result of the congestion analysis of 239 CMP-relevant IP sides - 2019



### 3.3 Severity of contractual congestion

- (32) The Agency reports in this section on four indicators that shed light on the severity of congestion at an IP. These indicators are the unsuccessful requests<sup>7</sup>, capacity traded on the secondary market, demand for interruptible capacity (and effective interruptions), and the recurrence of congestion over several years as recorded in the previous editions of the Congestion Report.
- (33) Similarly to the previous year's Report, the Agency checked ENTSO's Transparency Platform ("TP") for the **unsuccessful requests**. Unfortunately, unsuccessful requests were reported there only for 14 out of the 37 congested IP sides and all of those unsuccessful requests relate to IP sides that were labelled congested due to the auction premia, meaning that the Agency could not simply rely on the information available on the TP. The unsuccessful requests based on the Agency's analysis of auction data concern 39 IP sides, of which 28 were congested due to the auction premia, 3 were formally congested IP sides and 6 were close-to-be-congested IP sides.<sup>8</sup>
- (34) The majority of unsuccessful requests occurred at: Csanadpalota (HU>RO, both exit and entry), followed by Mosonmagyaróvár (AT>HU entry) IP side. The largest volumes were requested at Mosonmagyaróvár (AT>HU both exit and entry) IP, followed by Oberkappel (DE>AT entry) IP side.
- (35) The Agency observed that with 10 IP sides out of 37, the number of congested IP sides for which **secondary trades for capacity** occurred remained relatively low.<sup>9</sup>
- (36) The congested IP sides with the most active secondary trading of capacity products are: Bunde (DE)/Oude Statenzijl (L) (NL) (GTG Nord) (NL>DE exit) IP side, followed by Mosonmagyaróvár (AT>HU exit) IP side.
- (37) The demand for **interruptible capacity** can also be used as an indicator for capacity demand exceeding the technical capacity, under the assumption that those who booked interruptible capacity would have preferred firm capacity.
- (38) Interruptible capacity was offered for at least one product for 20 of the 37 congested IP sides. For 17 congested IP sides, no interruptible capacity was offered for use in the calendar years of 2019

<sup>7</sup> Unsuccessful requests correspond to the network users' demand for capacity at the reserve price that could not be allocated in the auctions.

<sup>8</sup> The remaining 2 IP sides had 1 monthly premium each.

<sup>9</sup> Überackern SUDAL (AT) / Überackern 2 (DE) (DE>AT exit) IP side, Ruse (BG) / Giurgiu (RO) (BG>RO exit) IP side, VIP Germany-CH (DE>CH exit) IP side, Mosonmagyaróvár (AT>HU exit) IP side, Oberkappel (DE>AT entry) IP side, VIP Brandov-GASPOOL (DE>CZ exit) IP side, Winterswijk (NL>DE exit) IP side, Bunde (DE) / Oude Statenzijl (L) (NL) (GTG Nord) (NL>DE exit) IP side, Zevenaar (NL>DE exit) IP side, Emden (EPT1) (OGE) (NO>DE entry) IP side.

or 2020. The Agency encourages TSOs to offer interruptible capacity to ease the severity of congestion.

- (39) Effective interruptions occurred at 7 congested IP sides, on average on 26 days. Effective interruptions that occur structurally hint at physical congestion.<sup>10</sup>
- (40) Of the 37 IP sides identified as congested, 23 are included for the first time. **Recurrence of congestion** in the last three years (2017-2019) has been observed at 14 IP sides: 12 already were found congested in 2018, 5 in 2017 and 3 IP<sup>11</sup> sides have been identified as congested in the last three editions of the Congestion Report (current edition included).

### 3.4 Conclusion on the congestion analysis: application of FDA UIOLI

- (41) Annex I lists the IP sides for which the FDA UIOLI mechanism needs to be implemented and applied according to Point 2.2.3(1) of the CMP GL, unless it is shown that a congested situation is unlikely to reoccur in the following three years.
- (42) 21 IP sides labelled as congested already apply FDA UIOLI. The Agency notes that NRAs take the final decision on how to mitigate and prevent congestion, taking into account the severity of congestion and the application of FDA UIOLI or other CMPs. They can use the information contained in this report to support their decision making.

## 4. Application of CMPs

- (43) According to Point 2.2.3 of the CMP GL, any additional capacity made available through the application of one of the CMPs shall be offered by the respective TSO(s) in the regular allocation process.
- (44) The CMP GL Section 2.2 defines four CMP measures to mitigate congestion:
- *Long Term (LT) UIOLI* is described in Point 2.2.5 of the CMP GL. This mechanism aims at deterring capacity hoarding over the longer term. LT UIOLI dictates that NRAs require their TSOs to fully or partially withdraw systematically underutilised capacity if certain criteria are met. The process could trigger the release of yearly capacity products.
  - *FDA UIOLI* brings unused firm capacity back to the market on a day-ahead basis. TSOs are not incentivised financially by this CMP. The network user loses its capacity and provides the additional capacity volumes by being subject to re-nomination restrictions.
  - *Oversubscription* allows TSOs to offer more firm capacity than is technically available at IPs on the assumption that not all the allocated capacity will be actually used by network users. This scheme provides financial incentives for the TSOs and requires basic modelling built on statistical scenarios.
  - *Surrender* is a CMP measure that allows network users to return their capacity to the TSO. The TSO will again offer this capacity in the primary market (auction on a booking platform). Capacity returned by network users will only be sold after the TSO has sold its own available capacity. During the auction, the capacity given back by a network user will not be distinguished from the TSO capacity, and it will be offered based on the standard volume and price units applied in the auctions.

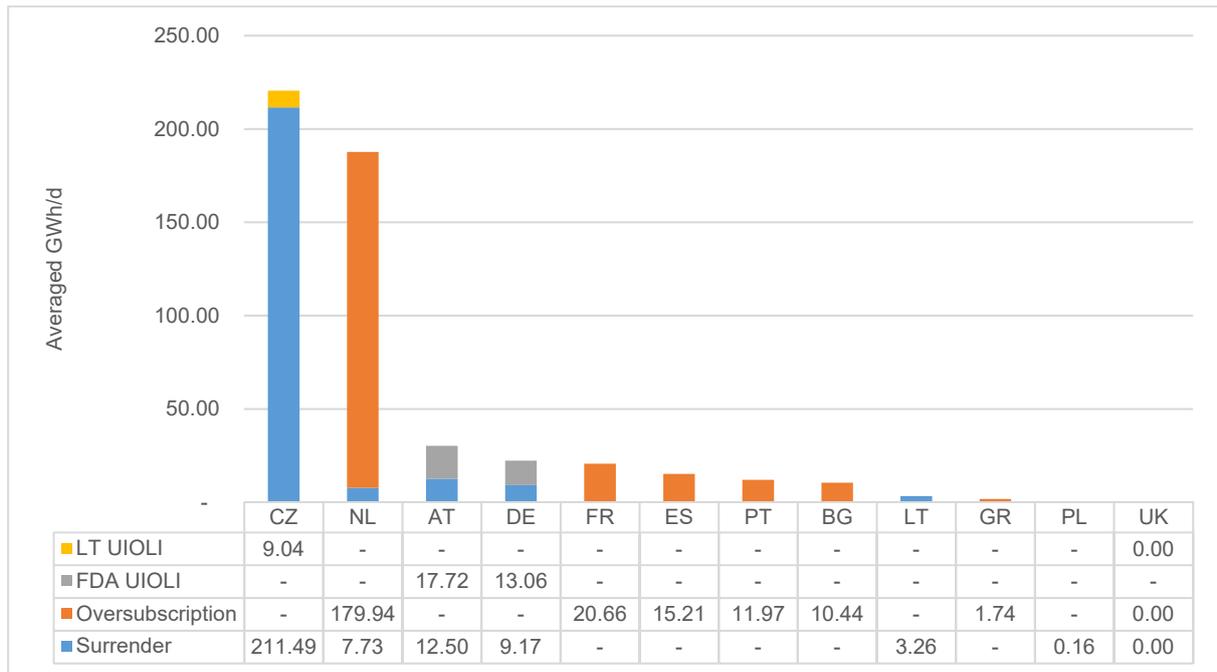
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<sup>10</sup> Überackern SUDAL (AT) / Überackern 2 (DE) (Bayernets exit), Mosonmagyaróvár (FGSZ entry), Bunde (DE) / Oude Statenzijl (L) (NL) (GTG Nord) (Gastransport Nort entry), VIP Brandov-GASPOOL (NET4GAS entry), VIP Oberkappel (OGE exit), Emden (EPT1) (Thyssengas entry), Zevenaar (Thyssengas entry)

<sup>11</sup> The 3 IP sides found congested in the Reports covering 2017, 2018 and 2019 (current) are Überackern SUDAL (AT) / Überackern 2 (DE) (DE>AT exit and entry) and Kienbaum (DE-GPL>DE-NCG exit).

- (45) 12 Member States (“MSs”) reported capacity amounts made available via CMPs, while in 2016, 2017 and 2018 there were 7, 11 and 10 MSs reporting such amounts, respectively. For calculating the average deployment of CMPs, the Agency calculated the occurrences by counting on how many days the application of CMPs took place. An increase of surrender and oversubscription (~20% and ~25% respectively) has been observed in 2019, compared to the last year, while the use of FDA UIOLI was slightly (~10%) decreased. LT UIOLI was also increased (~15%), compared to 2018.
- (46) Figure 2 shows the results in 2019 per MS and per CMPs applied.

Figure 2: Capacity released by CMP measures [averaged GWh/d] via CMPs in the EU (according to ENTSOG’s TP data) – 2019



- (47) Compared to 2018, the use of LT UIOLI in 2019 in the Czech market remained constant, while its application in the UK was considerably increased in terms of days of occurrence (66 days in 2019 compared to 22 days in 2018). However, the capacity released in Czech Republic is by far larger than that released in the UK.<sup>12</sup>
- (48) As in the previous Reports, in 2019 FDA UIOLI was applied in practice only at the German and Austrian IP sides, with the daily occurrences of this CMP being slightly reduced vis-à-vis the previous year in both Germany and Austria (aggregate ~16000 days in 2019). In terms of capacity released, FDA UIOLI was decreased by more than half compared to 2018. This is due to the steep decrease of FDA UIOLI offers at the Austrian borders, even though FDA UIOLI capacity at German IPs was increased.
- (49) The extent of application (the number of instances in days) of oversubscription has increased compared to the number of occurrences in 2018, but the capacity offered remained at a similar level with the previous year. As is 2018, the vast majority of the reported applications still concern IP sides of the Dutch TSO, GTS.
- (50) In terms of daily instances, the surrender of capacity products was increased in 2019 compared to 2018. The capacity surrendered was at the same level with that of the previous year. Although a large decrease of capacity surrender was observed at the Austrian IP sides, there was a

<sup>12</sup> The capacity values in UK are small, making the averaged values appear to be 0 when expressed in GWh/d.

commensurate increase of capacity surrender at the Czech IP sides, and particularly at the Lanžhot IP exit.

## 5. Recommendations

- (51) Although an overall improvement has been achieved on data quality and the data files from ENTSOG, including the CAM scope list and instructions being better prepared for the analysis, the experience gained in producing this report indicates that the recommendations with respect to data quality from the previous report are still relevant. In order to improve data availability, consistency and transparency, the Agency reiterates the following recommendations.

### 5.1 Recommendations for ENTSOG and TSOs

- (52) On improving data quality, implementing automated data processing and making the data available at one single platform, the progress was limited.
- ENTSOG/TSOs shall ensure that auction results with premia and data on all non-available capacity products are uploaded on the ENTSOG's TP, as required by the CMP GL;
  - ENTSOG/TSOs shall ensure that the information on the TP shall include up-to-date information in the virtualised operation and validity of the IP sides and in the identification of virtual reverse flow (i.e. absence of technical capacity);
  - The alignment of EIC codes and of IP and TSO names and formats ("unique identifier"<sup>13</sup>) used for the IPs in the NC CAM scope list is necessary and still to be achieved on both ENTSOG's TP and on booking platforms, to enable the consistent use of these identifiers by stakeholders and for an efficient and automated data processing (TSOs, ENTSOG and booking platforms) and data analysis (the Agency, NRAs, stakeholders);
  - Although ENTSOG has updated its version of the CAM/CMP scope list, a few IPs were still identified as non-relevant<sup>14</sup> during the analysis. Therefore, based on the findings in this Report, ENTSOG shall adapt and publish the updated CAM/CMP IP scope list on its TP continuously;
  - ENTSOG's TP should aim to incorporate information on bundled capacities.<sup>15</sup>

### 5.2 Policy recommendations

- (53) On the basis of the experience gained in producing the Congestion Reports, the Agency reiterates the following recommendations to the European Commission:
- The Report fulfils the requirements of the CMP GL to analyse the auction data for a calendar year. However, the Agency highlights that the CMP GL should be improved in three ways:
    - i. Gas capacity auctions follow an auction calendar that is organised according to the gas year, which lasts from 1 October of the calendar year until 30 September of

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<sup>13</sup> An IP side can be uniquely identified only with a combination of the following: IP name, TSO, direction, connected TSO.

<sup>14</sup> The Agency notes that in particular the labelling of IP sides where virtual reverse flow applies without technical capacity and of IP sides of which validity ended due to virtualisation as CMP relevant requires corrections.

<sup>15</sup> Currently, some commercial information on capacity products (e.g. on bundling and the level of firmness and allocability of firm capacity) is not available on the ENTSOG TP. Such data is only publicly accessible through the reporting of the three booking platforms. In order to fully comply with CMP GL's obligation to report on auction premia on the ENTSOG TP, at least an indicator on whether the auction premia occurred for bundled or unbundled capacity products is necessary. For the future, it would be desirable to have a single platform for all public gas transport data related to CAM, CMP, balancing and tariff data to enable stakeholders to efficiently access all the required information in a harmonised form.

the following calendar year. The scope of the analysis in the Congestion Report should be aligned and follow the auction calendar for the gas year. The current wording in the CMP GL does not allow the Agency to do this;

- ii. A clarified CMP GL could make the congestion analysis more market oriented. For network users it is relevant to have the opportunity to book capacity for delivery throughout the period under review – regardless of whether the booking takes place for any month during the year, in the form of either monthly, quarterly or yearly products. The current practice in the Congestion Reports has been to analyse whether at least one product with a minimum duration of one month has been offered during the period under review.
- Therefore, the following recommendations from last year’s Congestion Report are still valid and restated:
  - i. The EC may consider **aligning criterion d)** of Point 2.2.3(1) of the CMP GL with the other congestion criteria. The current reading of criterion d) considers an IP side not congested if at least one monthly product was offered out of 12 months in the preceding year’s rolling monthly auction procedures;
  - ii. Alternatively, criterion d) could be aligned with the timeframes of criteria b) or a) as follows: *“At least 6 [but minimum 3] monthly products should be offered at an IP in order for it not to be considered contractually congested.”*
- With respect to Point 2.2.1 of the CMP GL, the Commission may consider clarifying, as recommended also in last year’s Congestion Report:
  - i. **Until when** the Agency shall produce Congestion Reports (or under which conditions the reports are not required anymore) and whether its frequency could be lowered;
  - ii. An **implementation period** for the FDA UIOLI mechanism, if congestion is identified at IP sides only after 1 July 2018 and the respective NRA has decided to require the TSO to implement and apply the FDA UIOLI mechanism.
- The EC may consider amending the CMP GL to improve the effectiveness of the CMP measures, in particular when applied as preventive measures<sup>16</sup>, before contractual congestion occurs.
- The EC may also consider to extend the **scope of “contractual congestion”** to the **day-ahead timeframe** between hubs (requiring the Agency to assess auction premia and the non-offer of firm day-ahead products at a cross-zonal level).
- In addition, it should be further clarified that Article 6 of Regulation (EU) No 984/2013 regarding the joint method to maximise capacity and the dynamic approach to capacity **(re-)calculation, takes priority over the application of oversubscription** in the yearly, quarterly and monthly timeframe.

### 5.3 Suggestions for further analysis

- (54) This Report focuses on the identification of contractual congestion in line with the criteria set out in Point 2.2.3(1) of the CMP GL and on monitoring the use of CMPs.
- (55) The Agency acknowledges that deeper and broader analyses of the congestion data can provide additional insights and invites academia, research institutes and other interested parties to use the

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<sup>16</sup> At least at those IP sides which are found “potentially” or “close to be congested” or where the TSOs can anticipate any risk for contractual congestion occurring.

data, which is publicly available for several years, for other types of analysis than the one included in this Report.

(56) Topics of interest to the Agency include for instance:

- A detailed analysis of congestion at the daily level;
- A detailed analysis of the preventive and mitigating measures to deal with contractual congestion, including the role of CMPs therein;
- A critical review of the criteria for identification of contractual congestion as defined in the CMP GL, including the formulation of alternative criteria;
- The identification and statistical analysis of the factors that could explain the changes in the level of contractual congestion over time. Such factors can include market events (e.g., changes in transport tariffs, demand and supply changes and shocks) or non-market events (such as changes in national policies) and other events;
- The analysis of contractual congestion as a signal for market failures (that could trigger deeper and more specialized analysis such as investigating anti-competitive behaviour).

(57) Insights from such studies could feed into the Agency's monitoring of the gas markets and lead to the refinement of the Report and of policy recommendations based thereon.

# Annex I: List of the IP sides for which NRAs should require the FDA UIOLI application

The list shows the congested IP sides, for which the FDA UIOLI mechanism needs to be applied according to Point 2.2.3(1) of the CMP GL, unless it is shown that a congested situation is unlikely to reoccur in the following three years. NRAs take the final decision on this matter, considering the severity of congestion and the application of all CMPs. The separate Technical Annex contains the full analysis and all TSO and NRA clarifications.

Operator	Interconnection Point	Connected operator	Direction	Status of congestion	Trigger for congestion	Interruptible offered	LT UIOLI (volumes offered)	FDA UIOLI (volumes offered)	Oversubscription (volumes offered)	Surrender (volumes offered)	Unsuccessful request	DA Auctions: No of PREMIA occurrences	Has this IP side been (indicatively) contractually congested in Q4/13	Congested in 2014	Congested in 2015	Congested in 2016	Congested in 2017	Congested in 2018
bayernets	Überackern SUDAL (AT) / Überackern 2 (DE)	Gas Connect Austria	exit	CONGESTED	PREMIA	Yes		Yes			Yes	62			CONGESTED	CONGESTED	CONGESTED	CONGESTED
bayernets	Überackern ABG (AT) / Überackern (DE)	Gas Connect Austria	entry	CONGESTED	NON-OFFER	Yes		Yes				0						CONGESTED
Bulgartransgaz	Ruse (BG) / Giurgiu (RO)	Transgaz	exit	CONGESTED <sup>1</sup>	PREMIA	Yes					Yes	0					FORMALLY CONGESTED	
Enagas	VIP PIRINEOS	TERÉGA	entry	CONGESTED (bundle) <sup>6</sup>	PREMIA				Yes		Yes	48				CONGESTED (bundle)		CONGESTED (bundle)
Energinet	Ellund	Gasunie Deutschland	entry	CONGESTED	PREMIA						Yes	8						
FGSZ	Csanadpalota	Transgaz	exit	CONGESTED	PREMIA	Yes					Yes	20				FORMALLY CONGESTED		
FGSZ	Mosonmagyarovar	Gas Connect Austria	entry	CONGESTED	PREMIA	Yes					Yes	16				CONGESTED		CONGESTED
Fluxys TENP	VIP Germany-CH		exit	CONGESTED	PREMIA	Yes		Yes			Yes	20						
Gas Connect Austria	Überackern SUDAL (AT) / Überackern 2 (DE)	bayernets	entry	CONGESTED	PREMIA	Yes		Yes		Yes	Yes	62	CONGESTED	CONGESTED	CONGESTED	FORMALLY CONGESTED	CONGESTED	CONGESTED
Gas Connect Austria	Mosonmagyarovar	FGSZ	exit	CONGESTED	PREMIA	Yes		Yes		Yes	Yes	15				FORMALLY CONGESTED	FORMALLY CONGESTED	CONGESTED
Gas Connect Austria	Oberkappel	Open Grid Europe	entry	CONGESTED	PREMIA	Yes		Yes		Yes	Yes	222				CLOSE TO BE CONGESTED	CONGESTED	CLOSE TO BE CONGESTED
GASCADE Gastransport	Kienbaum	Open Grid Europe	exit	CONGESTED	NON-OFFER	Yes		Yes				0		CONGESTED	CONGESTED	CONGESTED	CONGESTED	CONGESTED
GASCADE Gastransport	VIP Brandov-GASPOOL	NET4GAS	exit	CONGESTED	PREMIA			Yes			Yes	15						FORMALLY CONGESTED
Gastransport Nord	Bunde (DE) / Oude Statenzijl (L) (NL) (GTG Nord)	GTS	entry	CONGESTED	PREMIA	Yes		Yes			Yes	2					CLOSE TO BE CONGESTED	CONGESTED
Gasunie Deutschland	Ellund (GUD)	Energinet	exit	CONGESTED	PREMIA	Yes		Yes			Yes	6		CONGESTED		FORMALLY CONGESTED	FORMALLY CONGESTED	
Gasunie Deutschland	Bunder-Tief	Open Grid Europe	exit	CONGESTED <sup>2</sup>	NON-OFFER	Yes		<sup>8</sup>				0					FORMALLY CONGESTED	
GTS	Winterswijk	Open Grid Europe	exit	CONGESTED <sup>3</sup>	PREMIA				Yes	Yes	Yes	14					FORMALLY CONGESTED	
GTS	Bunde (DE) / Oude Statenzijl (L) (NL) (GTG Nord)	Gastransport Nord	exit	CONGESTED (bundle) <sup>4</sup>	PREMIA				Yes		Yes	4					CLOSE TO BE CONGESTED	
GTS	Zevenaar	Thyssengas	exit	CONGESTED <sup>3</sup>	PREMIA				Yes		Yes	24				CLOSE TO BE CONGESTED		
GTS	Zevenaar	Open Grid Europe	exit	CONGESTED <sup>3</sup>	PREMIA				Yes			10				CLOSE TO BE CONGESTED	FORMALLY CONGESTED	

Operator	Interconnection Point	Connected operator	Direction	Status of congestion	Trigger for congestion	Interruptible offered	LT UIOLI (volumes offered)	FDA UIOLI (volumes offered)	Oversubscription (volumes offered)	Surrender (volumes offered)	Unsuccessful request	DA Auctions: No of PREMIA occurrences	Has this IP side been (indicatively) contractually congested in Q4/13	Congested in 2014	Congested in 2015	Congested in 2016	Congested in 2017	Congested in 2018
LBTG	Greifswald / LBTG	Nord Stream	entry	CONGESTED	NON-OFFER			<sup>8</sup>				0		CONGESTED	CONGESTED	CONGESTED		CONGESTED
NET4GAS <sup>5</sup>	Brandov / OPAL – VIP Brandov-Gaspool	OPAL Gastransport	entry	CONGESTED	PREMIA						Yes	2		CONGESTED	CONGESTED	FORMALLY CONGESTED	FORMALLY CONGESTED	FORMALLY CONGESTED
NET4GAS <sup>5</sup>	VIP Brandov-GASPOOL	GASCADE Gastransport	entry	CONGESTED	PREMIA	Yes				Yes	Yes	14						FORMALLY CONGESTED
OPAL Gastransport	Brandov / OPAL – VIP Brandov-Gaspool	NET4GAS	exit	CONGESTED	PREMIA			Yes			Yes	2		CONGESTED	FORMALLY CONGESTED	FORMALLY CONGESTED		
Open Grid Europe	Dornum GASPOOL		entry	CONGESTED	PREMIA	Yes	Yes				Yes	0						FORMALLY CONGESTED
Open Grid Europe	Zevenaar (OGE)	GTS	entry	CONGESTED	PREMIA			Yes				2					FORMALLY CONGESTED	
Open Grid Europe	Winterswijk	GTS	entry	CONGESTED	PREMIA			Yes			Yes	7					FORMALLY CONGESTED	
Open Grid Europe	Emden (EPT1) (OGE)	Gassco	entry	CONGESTED	PREMIA	Yes	Yes				Yes	0						
Open Grid Europe	VIP Oberkappel		exit	CONGESTED	PREMIA	Yes		Yes			Yes	270						
TERÉGA	VIP PIRINEOS	Enagas	exit	CONGESTED	PREMIA				Yes		Yes	23				CONGESTED (bundle)		CONGESTED
terrants bw	RC Thayngen-Fallentor	Erdgas Ostschweiz	exit	CONGESTED	NON-OFFER	Yes		<sup>8</sup>		Yes		0					CONGESTED	
Thyssengas	Zevenaar (Thyssengas)	GTS	entry	CONGESTED	PREMIA	Yes	Yes				Yes	16						
Thyssengas	Emden (EPT1) (Thyssengas)	Gassco	entry	CONGESTED	PREMIA	Yes	Yes				Yes	7						
Transgaz	Csanadpalota	FGSZ	entry	CONGESTED	PREMIA						Yes	20				FORMALLY CONGESTED		
Transgaz	Ruse (BG) / Giurgiu (RO)	Bulgartransgaz	entry	CONGESTED <sup>1</sup>	PREMIA						Yes	0						FORMALLY CONGESTED
Transgaz	Negru Voda II	Bulgartransgaz	exit	CONGESTED <sup>7</sup>	NON-OFFER							0		CONGESTED	CONGESTED	CONGESTED		CONGESTED
Transgaz	Negru Voda III	Bulgartransgaz	exit	CONGESTED <sup>7</sup>	NON-OFFER							0	Not on CAM List in 2014	CONGESTED	CONGESTED	CONGESTED		CONGESTED

<sup>1</sup> Congested status at Ruse (BG) / Giurgiu (RO) IP is a result of premia reported in auctions until August 2019. As of 1 November 2019, the technical capacity at the IP side has increased and made available to the market, and no premia were reported at the subsequent auctions for quarterly products.

<sup>2</sup> The Bunder Tief IP has a low demand since years, whereas demand on competing points has increased, so the TSO reallocated firm capacity from the Bunder-Tief Exit to different points, which explains the non-offer status.

<sup>3</sup> After the annual auction, GTS increased the capacity at the cluster Winterswijk and Zevenaar with OSBB capacity and released technical capacity that was reserved according to CAM NC for short-term auctions.

<sup>4</sup> On the GTS side, the auction premia occurred only for bundled capacity products, while unbundled exit capacity was still available for the concerned products.

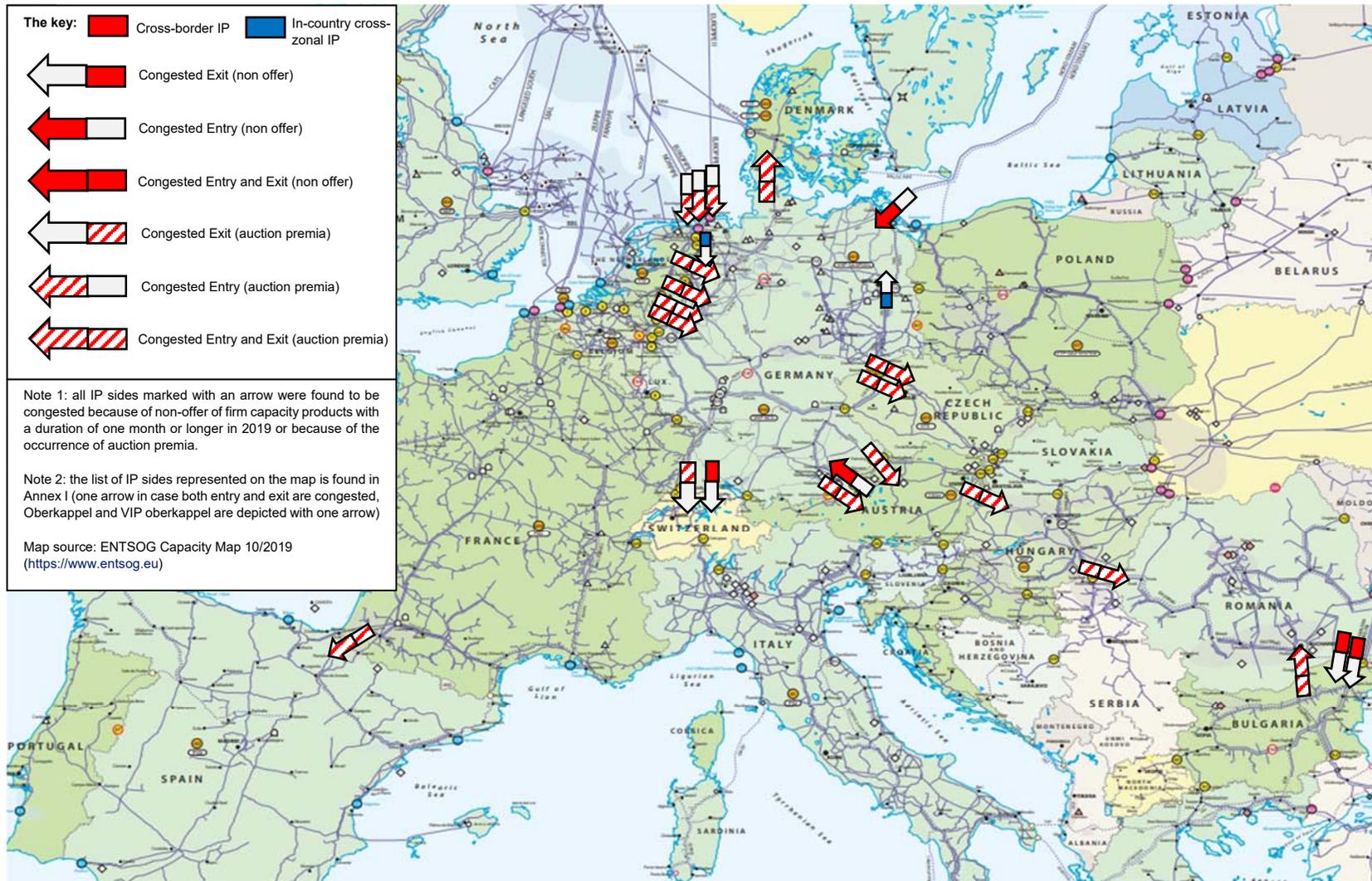
<sup>5</sup> NET4GAS offers capacity under the name VIP Brandov-Gaspool. The capacity is auctioned as distinct bundled products with GASCADE and OPAL, respectively. Both combinations have been found to be congested.

<sup>6</sup> On the Enagas side of VIP Pireneos, the auction premia occurred only for bundled capacity products, while unbundled entry capacity was still available for the concerned products.

<sup>7</sup> Transgaz states that currently it does not apply third party access at these IPs.

<sup>8</sup> FDA UIOLI mechanism is implemented for the IPs Bunder-Tief, Greifswald/LBTG and RC Thayngen-Fallentor. However, in practice, no capacities were offered through the mechanism.

## Annex II: Map depicting the 37 congested IP sides





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