

CMP Implementation Monitoring Report

2015

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Annual Report on CMP Implementation Monitoring

APRIL 2016

The guidelines for Congestion Management Procedures (CMP) were developed by the European Commission in 2010–2011 and approved by the EU Gas Committee on 24 August 2012 as “Commission Decision on amending Annex I to Regulation (EC) No 715/2009”. The implementation date was 1 October 2013.

Under Article 8 (8) of the Gas Regulation, ENTSOG monitors the implementation of the CMP guidelines.

ENTSOG launched its annual monitoring process in December 2015 to ensure the timely publication of results in the 2016 Annual Report.

For the implementation monitoring of Congestion Management Procedures, the same questionnaire was used as in the previous year and was only updated for those TSOs that had not yet fully implemented all mandatory measures according to last year’s report.

OVERVIEW OF IMPLEMENTATION STATUS

The survey conducted by ENTSOG regarding the implementation of the CMP measures shows that 33 of 49 EU TSOs (45 ENTSOG members, two associated partners and two more TSOs that are not ENTSOG members) have implemented Surrender, Long-Term UIOLI (LT UIOLI) and Oversubscription and Buy-Back (OS+BB) or Firm Day-Ahead UIOLI (FDA UIOLI). OS+BB and FDA UIOLI are interchangeable. The National Regulatory Authority (NRA) of each country has to decide to replace the OS+BB scheme with an FDA UIOLI mechanism.

In most cases, the delays in implementation by some TSOs are due to missed or delayed approvals for their implementation proposals from their respective NRAs. Seven of the eight TSOs with implementation delays were in this particular situation at the time of the questionnaire.

Currently five of the seven TSOs are waiting for approval from NRAs for OS+BB schemes or FDA UIOLI mechanisms. The perspectives for receiving final approval from their respective NRAs are good, and expected during 2016. Two other TSOs are also not applying Surrender and LT UIOLI mechanisms in addition to OS+BB schemes or FDA UIOLI mechanisms. However, these two TSOs are optimistic that they will be able to implement all the required measures within the year, and one of them is only awaiting NRA approval for implementation.

Thus, all eight of these TSOs are expected to fully implement the CMP Guidelines during 2016.

And although for eight TSOs the CMP guidelines are not applicable (for some Member States derogation under Article 49 of the Gas Directive has been granted by the European Commission), one of these TSOs has implemented the CMP measures.

Number of TSOs	Oversubscription and Buy-Back scheme (OS+BB) or Firm Day-Ahead UIOLI mechanism (FDA UIOLI)*	Surrender of Contracted Capacity	Long-term UIOLI (LT UIOLI)	Comments
33	Has been implemented	Has been implemented	Has been implemented	Including exemption as per NRA decision under point 2.2.3(6)*
6	Implementation is underway (NRA decision pending)	Has been implemented	Has been implemented	OS+BB: The NRA has not approved the proposed scheme yet. Including exemption as per NRA decision under point 2.2.3(6)* Derogation applicable**
1	Implementation is underway (NRA decision pending)	Has been implemented	Has been implemented	The NRA has not chosen between OS+BB and FDA UIOLI
2	Implementation is underway (NRA decision pending)	Implementation is underway (NRA decision pending)	Implementation is underway (NRA decision pending)	Implementation in 2016
7	Not applicable due to scope, implementation date or derogation granted under Article 49 of Gas Directive	Not applicable due to scope, implementation date or derogation granted under Article 49 of Gas Directive	Not applicable due to scope, implementation date or derogation granted under Article 49 of Gas Directive	No IPs/Derogation

■ Has been implemented ■ Implementation is underway (NRA decision pending)
■ Not yet implemented ■ Not applicable due to scope, implementation date or derogation granted under Article 49 of Gas Directive

* The Firm Day-Ahead UIOLI mechanism should be implemented as of 1 July 2016, where ACER's congestion monitoring report shows that there is an over demand for firm capacity products that are offered in the next three years or where no firm capacity is offered at all.

** The derogation has been granted for five countries, nonetheless one of the TSOs in these Member States (Amber Grid, Lithuania) implemented the CMP measures during 2015.

Table 1: Overview of Implementation status

CONCLUSIONS

Most ENTSOG members have already fully implemented the CMP Guidelines. Only a few members are still in the process of implementing some of the congestion management mechanisms. Most of the delays experienced in the application of the CMP Guidelines are not within the TSOs responsibility. The affected TSOs have already raised their proposals to implement the missing congestion management procedures and are currently waiting for a final decision from their NRA. This means that 40 out of 48 TSOs are applying all relevant

congestion management procedures, taking into account that seven TSOs (out of these TSOs that are not fully compliant with the CMP Guidelines yet) are still in the process of receiving regulatory approval for applying the proposals they have submitted to their NRAs.

From the current perspective, all TSOs are expected to become compliant during 2016.

Annex 1 of the Annual Report

Table 2 lists the TSOs that answered the questionnaire at the beginning of the year 2016. Two TSOs which have not been included in the survey that was conducted in the previous year are now among the participants, and have already implemented all CMP measures as foreseen by regulation.

The other 13 TSOs did not implement all of the CMP measures during 2015.

SURVEY PARTICIPANTS

BULGARIA	Bulgartransgaz EAD
DENMARK	Energinet.dk
FRANCE	TIGF SA
GERMANY	Lubmin-Brandov Gastransport GmbH Opal Gastransport GmbH
HUNGARY	FGSZ Natural Gas Transmission Private
ITALY	Snam Rete Gas S.p.A.
LITHUANIA*	AB Amber Grid
NETHERLANDS	Gasunie Transport Services B.V. BBL Company V.O.F.
PORTUGAL	REN – Gasodutos, S.A.
ROMANIA	Trasgaz S.A.
SPAIN	Enagás S.A.
UNITED KINGDOM	Interconnector (UK) Limited GNI (UK)

* Lithuania still holds derogation under Article 49 of the Gas Directive to apply the CMP Guidelines.

Table 2: List of TSOs participating in the survey

OVERVIEW OF IMPLEMENTATION STATUS BY EU COUNTRIES

The following table shows the implementation status of the different congestion management procedures per EU Member State.

Country	OS & BB	FDA UIOLI	LT UIOLI	Surrender of Capacity	Comment
AUSTRIA		Q IV 2013	Q IV 2013	Q IV 2013	NRA: OS + BB shall not be applied
BELGIUM	Q IV 2013		Q IV 2013	Q IV 2013	No contractual congestion
BULGARIA	Q IV 2016		Q IV 2016	Q IV 2016	Waiting for NRA approval
CROATIA	Q III 2014		Q III 2014	Q III 2014	No contractual congestion
CZECH REPUBLIC	Q IV 2013		Q IV 2013	Q IV 2013	
DENMARK	Q I 2015		before 2013	Q IV 2015	
ESTONIA					Derogation under Article 49 of Gas Directive
FINLAND					Derogation under Article 49 of Gas Directive
FRANCE	Q IV 2013		Q IV 2013	Q IV 2013	No contractual congestion at least in one grid
	Q IV 2016		Q IV 2013	Q IV 2013	Waiting for nra approval
GERMANY		Q IV 2013	Q IV 2013	Q IV 2013	NRA: OS+BB shall not be applied
GREECE	Q III 2013		Q IV 2013	Q IV 2013	
HUNGARY	Q II 2016		Q IV 2013	Q IV 2013	Waiting for NRA approval
IRELAND	Q IV 2013		Q IV 2013	Q IV 2013	No contractual congestion
ITALY	2016		Q III 2014	Q III 2014	NRA has issued a consultation to decide between OS + BB or FDA UIOLI. The TSO submitted a proposal for OS + BB to the NRA
LATVIA					Derogation under Article 49 of Gas Directive
LITHUANIA	2016		Q I 2015	Q I 2015	Derogation under Article 49 of Gas Directive. No contractual congestion
LUXEMBURG					Derogation under Article 49 of Gas Directive
NETHERLANDS	Q I 2014		Q II 2015	Q I 2014	
	Q IV 2015		Q IV 2015	Q IV 2015	
POLAND	Q I 2014		Q I 2014	Q I 2014	
PORTUGAL	Q IV 2016		Q III 2014	Q III 2014	Waiting for NRA approval
ROMANIA		Q III 2016	Q III 2016	Q III 2016	
SLOVAKIA	Q IV 2013		Q IV 2013	Q IV 2013	
SLOVENIA	Q IV 2013		Q IV 2013	Q IV 2013	
SPAIN	Q IV 2016		Q IV 2013	Q IV 2013	Waiting for NRA approval
SWEDEN					Derogation under Article 49 of Gas Directive
UNITED KINGDOM					TSOs implemented the measures with different timing until Q IV 2015

■ Has been implemented
 ■ Implementation is underway (NRA decision pending)
 ■ Not yet implemented
■ Not applicable due to scope, implementation date or derogation granted under Article 49 of Gas Directive

Table 3: Overview of Implementation Status by EU Member State



CONCLUSIONS FOR EACH CMP MEASURE

The survey conducted by ENTSOG regarding the implementation of the CMP measurements shows that of the 15 TSOs consulted who were not 100%-compliant with CMP Guidelines according to the previous year's survey conducted or who were not asked that year, seven TSOs have fully implemented the congestion management procedures in the meantime.

Of the remaining eight TSOs, six TSOs are awaiting final approval of their proposal regarding the implementation of certain mechanisms and one TSO is still waiting for its NRA to decide on whether to use OS+BB or FDA UIOLI. The TSOs that are exempted from implementing CMP Guidelines were not considered when conducting the survey.

According to the TSO expectations, all TSOs in the European Union will be fully compliant with CMP Guidelines by the end of 2016.

A. Oversubscription and Buy-Back Scheme

Of the 30 TSOs for whom OS+BB scheme is mandatory, 90% have an OS+BB scheme in place for daily capacity products or are currently implementing the measure for short-term products. Almost one-third of these 30 TSOs have also implemented this scheme for at least one long-term product (quarterly and/or annual capacity products) and/or for within-day products.

Of the 15 TSOs that were consulted, 11 TSOs decided in accordance with their NRAs to apply the OS+BB scheme. One TSO is still awaiting its NRA decision regarding the use of either OS+BB or FDA UIOLI. However, in 2014 this TSO proposed to its NRA to implement an OS+BB scheme.

Six of these 15 TSOs are already applying the mechanism and the remaining five TSOs are currently awaiting NRA approval of their proposal. It is expected that during 2016, all NRAs will publish their final decisions approving the TSO proposals.

The OS+BB scheme is used in a similar way in these countries where this mechanism is applied. The vast majority of these TSOs use a reverse auction or invite network users to tender in order to buy back capacity.

Nearly all TSOs stated that the decision on which network user who participates in the Buy-Back procedure gets the capacity, is based on price. In some countries there are price cap mechanisms in place for buying back capacity.

If the capacity that is bought back cannot ease congestion in a transmission system, at least three TSOs are using a pro-rata rule for curtailing nominations for capacity that could not be bought back.

In the transmission systems of all TSOs using the OS+BB scheme, additional capacity resulting from an OS+BB is allocated only after all surrendered capacity and capacity derived from the application of LT UIOLI has been allocated. Before applying a buy-back procedure, all TSOs must verify whether alternative technical and commercial measures (e.g., pressure increases, flow commitments) can maintain the system integrity in a more cost-efficient manner.

Regarding the calculation of additional capacity to be offered via OS+BB, 11 of the responding TSOs who apply this measure answered that this calculation is dynamic while one TSO reported that the calculation method is subject to NRA approval. Most of the TSOs apply (or will apply) this dynamic calculation either on a monthly or daily basis and only one TSO is planning to do it annually.

Eleven TSOs also reported that they already have an incentive regime in place (valid for four TSOs) or are expecting to implement it when they receive NRA approval. Just one TSO has yet to receive approval on an incentive regime from its NRA.



Image courtesy of GRTgaz Deutschland

B. Firm Day-Ahead UIOLI Mechanism

In two Member States, the relevant NRAs have decided that the FDA UIOLI mechanism is to be used instead of the OS+BB scheme and thus these TSOs have been exempted from applying the OS+BB scheme according to Article 2.2.3 No. 6 of the CMP Guidelines.

And also in this year's survey it can be seen that only three TSOs from the 15 TSOs consulted decided in accordance with their NRAs to apply this mechanism. Two of these three TSOs have

applied for the FDA UIOLI mechanism since 2013, but were not consulted in last year's report.

One TSO is still awaiting NRA approval on whether to use OS+BB or FDA UIOLI.

The remaining TSO has yet to implement the mechanism, but it is expected to be applied after July 2016 according to existing long-term congestions in their networks.

C. Surrender of Capacity and Long-Term UIOLI Mechanism

Regarding Surrender of contracted capacity, last year's report showed that it had still not been fully implemented by only four TSOs. Of these, one TSO was newly founded and received a later implementation deadline from its NRA than the one stated in the CMP Guidelines. During 2015, two of the four TSOs began applying this congestion management mechanism.

Both TSOs that have not yet fully implemented the measure will apply it during 2016, and one of them is only awaiting approval from its NRA.

Regarding LT UIOLI, five TSOs did not apply this mechanism during the past year. Three of them started to apply this procedure in the course of 2015. Currently only two TSOs have yet to apply the mechanism, but both TSOs expect to apply LT UIOLI during 2016.



Abbreviations

ACER	Agency for the Cooperation of Energy Regulators
CMP	Congestion Management Procedures
ENTSOG	European Network of Transmission System Operators for Gas
EU	European Union
FDA	Firm Day-Ahead
IP	Interconnection Point
LT	Long-Term
NRA	National Regulatory Authority
OS+BB	Oversubscription & BuyBack
TSO	Transmission System Operator
UIOLI	Use it or lose it

A green graphic element consisting of two L-shaped blocks, one larger than the other, positioned to the left of the word "Imprint".

Imprint

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