Bundesnetzagentur

Revenues resulting from cross-border congestion management

Report pursuant to point 6.5 of the congestion management guidelines

According to point 6.5 of the congestion management guidelines annexed to Regulation (EC) No 1228/2003 (hereafter: Reg. 1228/2003), respectively Regulation (EC) No 714/2009 (hereafter: Reg. 714/2009), Bundesnetzagentur shall publish a report annually setting out the amount and the use of the congestion revenues that have been collected by the national transmission system operators (TSO) between 1 July of the preceding year and 30 June of the current year. The report examines whether congestion revenues were used in compliance with Article 6 (6) of Reg. 1228/2003, Article 16 (6) of Reg. 714/2009, respectively.

On 17 June 2011, Bundesnetzagentur invited the four German TSOs in writing to provide it with the relevant data, which is required to compile the report, before 14 July 2011. For this year's report it is necessary to acknowledge that as of 3 March 2011 the utilization of congestion revenues is subject to a new legal provision.

There are capacity constraints at the German borders with the Netherlands, France, Switzerland, the Czech Republic, Poland and Denmark, which require congestion management in compliance with Reg. 1228/2003, Reg. 714/2009, respectively. According to these provisions, congestion management shall be market-based, transparent and non-discriminatory. With respect to these criteria cross border capacity at Germany's borders is allocated explicitly via daily, monthly and annual auctions whilst at interconnections with Western and Northern borders capacity is allocated explicitly for annual and monthly products and implicitly in a market coupling regime for the day-ahead market. In an explicit auction capacity is sold off beforehand and therefore separated from electricity trade. The auction offices accept the bid of the auction participant who bids the highest price for the capacity. This price establishes the current price in the specific auction. Implicit auctioning, as it has been conducted at Western and Northern borders as of 9 November 2010, allocates jointly both commodity and cross-border capacity. The following table lists the TSOs involved at the respective borders:

	Involved Transmission System Operators	
	German TSOs	Foreign TSOs
DE – NL	Amprion, TenneT TSO	TenneT TSO (NL)
DE – FR	Amprion, EnBW TNG	RTE (FR)
DE – CH	Amprion, EnBW TNG	ETRANS (CH), VKW Netz (AT)
DE - CZ	TenneT TSO, 50 Hz Transmission	CEPS (CZ)
DE - PL	50 Hz Transmission	PSE-O (PL)
DE - DKw	TenneT	Energinet.dk (DK)
DE - DKo	50 Hz Transmission	Energinet.dk (DK)

Table 1: Involved TSOs at the different interconnectors

The aggregated congestion income made by the German TSOs amounts to 110,098,585 €, out of which 81,232,101 € were generated till March 2nd. The remaining income of 28,866,483 € is subject to new Reg. 714/2009. The congestion income earned at the different borders by the involved German TSOs is illustrated in the following figures:

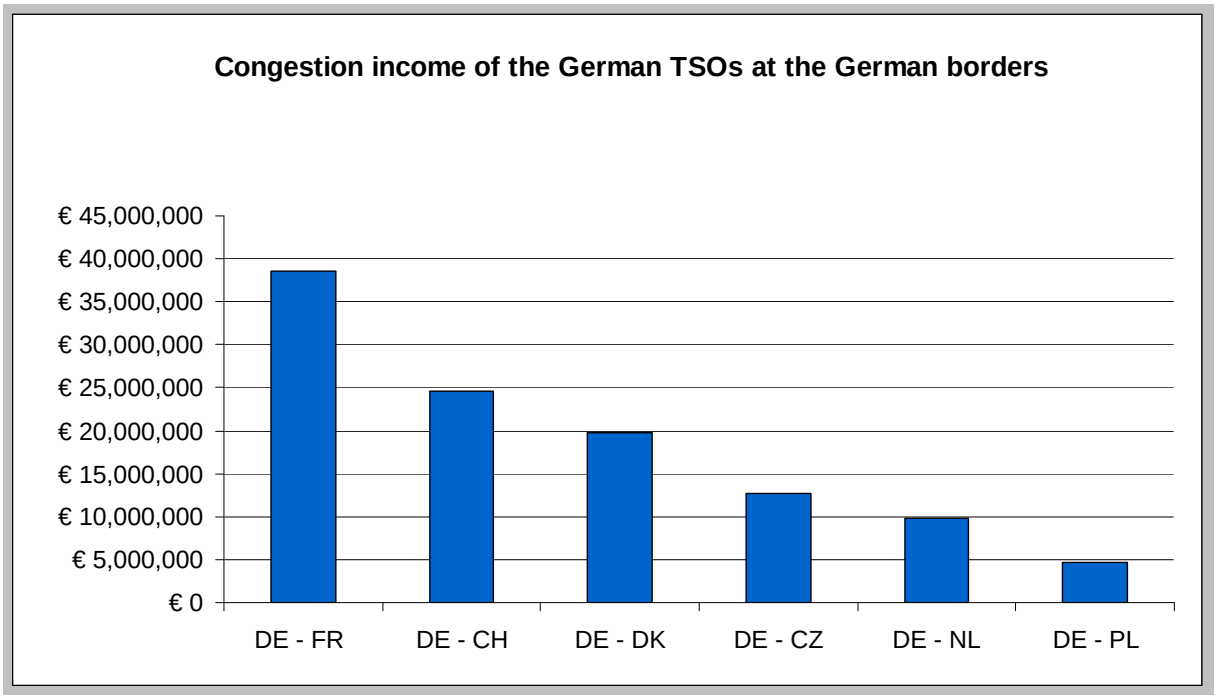

Figure 1: Congestion income of the German TSOs per border (01/07/2010 – 30/06/2011)

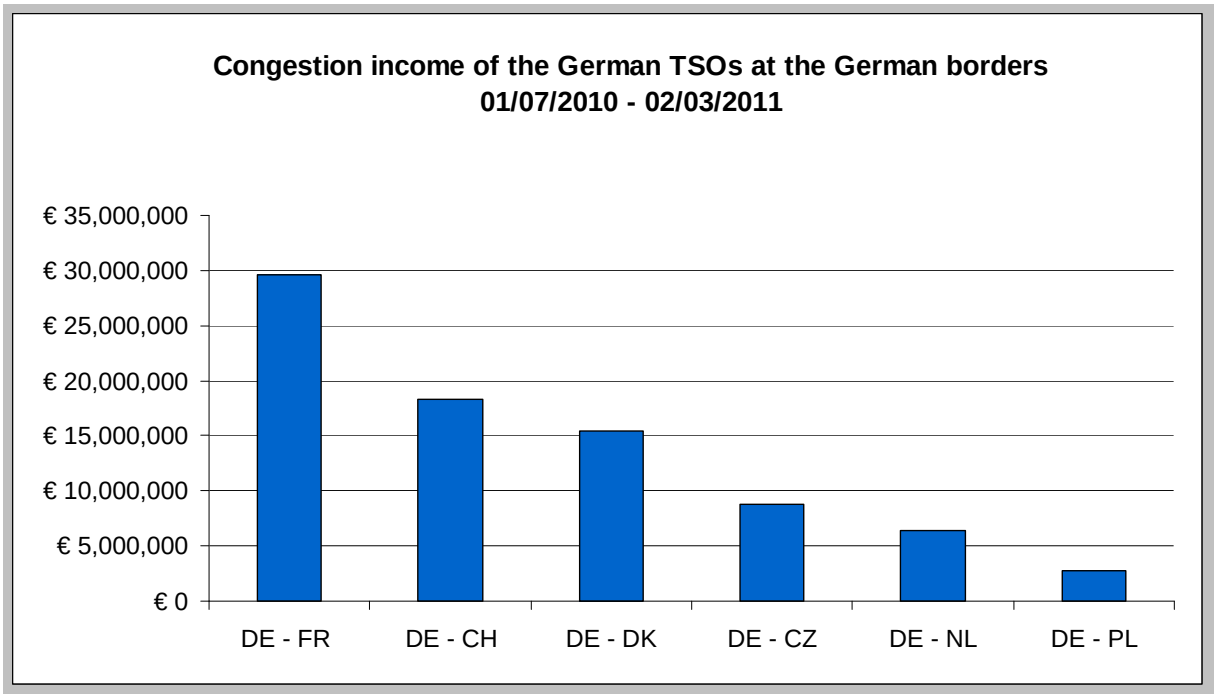

Figure 2: Congestion income of the German TSOs at the different borders (01/07/2010 – 02/03/2011)

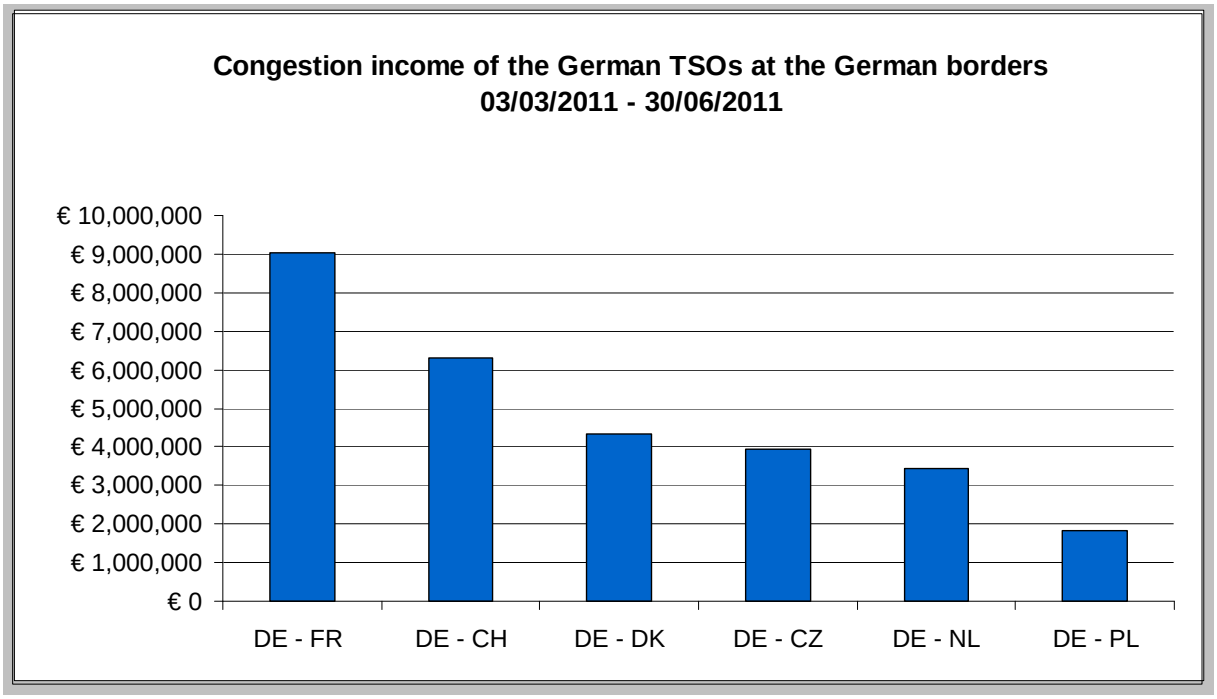

Figure 3: Congestion income of the German TSOs at the different borders (03/03/2011 – 30/06/2011)

According to Article 6 (6) of Reg. 1228/2003 any revenues resulting from the allocation of interconnection shall be used for one or more of the following purposes:

a) guaranteeing the actual availability of the allocated capacity;
b) network investments maintaining or increasing interconnection capacities;
c) as an income to be taken into account when approving the methodology for calculating network tariffs, and/or in assessing whether tariffs should be modified.

According to Article 16 (6) of Reg. 714/2009 any revenues resulting from allocation of interconnection shall be used for the following purposes:

a) guaranteeing the actual availability of all allocated capacity and/or
b) maintaining or increasing interconnection capacities through network investments, in particular new interconnectors.

Only if the revenues cannot be used efficiently according to these two options they may be used, subject to approval by Bundesnetzagentur, up to a maximum amount, as income to be taken into account when fixing network tariffs.

All TSOs indicated that they used the congestion revenues earned completely either within the meaning of Article 6 (6) c) of Reg. 1228/2003 as income for reducing the network fees until 2 March 2011 or in the meaning of Article 6 (6) b) of Reg. 1228/2003, Article 16 (6)of Reg. 714/2009, respectively, for investments in the grids. In addition, the TSO announced to file for approval according Article 16 (6) subpara. 2 of Reg. 714/2009 in case congestion revenue received as of 3 March 2011 will not be used according to Article 16 (6) a) or b) of Reg. 714/2009. This guarantees the use of the revenues in accordance with the Regulation.