

Oversubscription and buy-back scheme at transmission level



EFET comments – 28 April 2015

The European Federation of Energy Traders (EFET) welcomes the opportunity to respond to the consultation on the „overbooking and buy-back mechanism“ in Austria - V KOR G 16/14.

As EFET we have continually supported the implementation of oversubscription and buy-back mechanisms (OSBB), as they are an effective tool to overcome cross-border contractual congestion for the internal European gas market. When designed appropriately, buy-back can *ensure fair and efficient distribution of the risks* associated with the functioning of the scheme between Transmission System Operators (TSOs) and the users of the network. OSBB should not affect the (re) nomination rights associated with existing capacity which shippers still hold.

We discourage the decision to not implement OSBB mechanisms for the reasons laid out above, especially since no transparent data concerning contractual congestions at interconnection points were made available. We would welcome data transparency to better understand the contractual capacity situation at all interconnection points.

Austrian TSOs indicate very low booking levels of capacity made available from firm day-ahead use-it-or-lose-it (FDA UIOLI). This indicates that OSBB mechanisms may be more effective on some borders.

EFET has repeatedly highlighted that Regulation (EC) No 715/2009 defining contractual congestion based on excess capacity demand is misleading, as utilisation rates in relation to market spreads are ignored. Instead physically (not contractually) congested points misleadingly indicate contractual congestion. Consequently E-Control believes that there is contractual congestion at the border to Germany in Oberkappel and Überackern, however this could be the result of physical congestion. We would welcome a more transparent approach which would enable to identify the nature of the contractual congestion at the Austrian-German border. On the other hand contractual congestion may have occurred in Arnoldstein/Tarvisio on 4th and 5th February 2015, when firm day-ahead auctions sold out clearing at a premium, but only 69% and 72% of total capacity were

nominated. This clearly proves how an ill designed FDA UILOI does address contractual congestions and suggests that OSBB could be an effective tool to tackle contractual congestion on the Austrian-Italian border.

Furthermore, we do not share the concerns laid forth in the consultation concerning the imminent danger of pro-rata cuts to firm capacity holders and converting firm capacity into interruptible capacity by applying OSBB. There can only be undue risk of buy-back for TSOs at booking points where physical congestion instead of contractual congestion occurs.

We thank you for your kind attention and remain available for further comments.