

**EFET response to the Fluxys public consultation  
on the implementation on Congestion Management Procedures**

The European Federation of Energy Traders (EFET)<sup>1</sup> would like to take this opportunity to comment on the implementation of the European Congestion Management Procedures (CMP) proposed by Fluxys Belgium. In our view, oversubscription and buy-back should be the primary instruments that TSOs should use to mitigate the problem of contractual congestion at interconnection points. We would also support a process of overselling capacity at all interconnection points where there is no physical congestion.

However, EFET is concerned about the apparent separation of firm capacity. The baseline capacity consists of sold, available and surrendered capacity. In addition, there is capacity that has been made available by overselling, which is being listed as firm additional capacity. Attachment E of the Access Code for Transmission indicates that if Fluxys does not receive any offers of capacity when there is a constraint, the firm additional capacity will be scaled back.

CMP is supposed to make available additional firm capacity. However, by creating a distinction between firm capacity and firm additional capacity, and by buying back firm additional capacity, instead of scaling back all shippers at the interconnection point, the oversold product is not a truly firm product. Being the only capacity that would be scaled back in the event of Fluxys not receiving any offers of capacity from the market, the capacity is, in fact, an interruptible product. Clause 2.2.2(1) of Annex 1 to Regulation (EC) No 715/2009 states “...implement an incentive-based oversubscription and buy-back scheme in order to offer additional capacity on a firm basis”. Fluxys should consider amending the buy-back process, so that all firm capacity is scaled back on a pro-rata basis and firm capacity sold under the oversubscription mechanism is in no way different from the other firm capacity.

Ideally, TSOs should make additional firm capacity available in both long-term and short-term auctions. We are, therefore, concerned about the proposal that technical capacity from other CMP procedures is to be considered before any additional capacity is released. In our opinion, Fluxys should not be applying short-term use-it-or-lose-it (UIOLI) before using the oversubscription process. In our view, this is not the intention of Annex 1 to Regulation (EC) No 715/2009. Under both the Congestion Management Procedures and the Capacity Allocation Mechanisms (CAM) Network Code, TSOs are obliged to maximise the available capacity for sale.

TSOs should evaluate the extent to which capacity can be oversold in the long-term auctions, as well as on a day-ahead basis, from the quarterly or monthly capacity auctions, for instance. If there is capacity that becomes available from short-term UIOLI, then it should be added to the oversold capacity offered for sale in the day-ahead auction. By offering only day-ahead oversubscription capacity, Fluxys could be restricting the available capacity that can be offered for sale. Furthermore, this may cause discrepancies with neighbouring TSOs, such as GTS, who intend to oversell capacity in the monthly auctions. Fluxys should explain how potential capacity product discrepancy with neighbouring systems would be addressed. Full justification should be provided in case Fluxys is not able to oversubscribe longer-term capacity products.

We support the remaining CMP measures that have been proposed. We would also recommend that Fluxys should provide an update on the Transparency Obligation within CMP at the next information session for shippers, scheduled for 2<sup>nd</sup> July.

EFET remains at your disposal, should you have any queries with regard to our response.

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org).