A prerequisite for the implementation of the internal energy market is cross-border trade between Member States in the Union and Regulation 714/2009 defines that the management of congestion problems should be addressed with solutions that are market based, non-discriminatory and give efficient economic signals to market participants and transmission system operators.

Danish Energy and Danish Wind Energy Association find the ongoing curtailment of the two Danish-Swedish interconnectors, Kontiskan and Øresund, by Svenska Kraftnät (SvK) to violate all three principles. The method is not market based, it discriminates between internal and cross border flows of electricity and it distorts economic signals to both market participants and TSOs. Furthermore, curtailment has been increasing in recent years.

The settlement of Case COMP/39.351 between SvK and the European Commission in 2010 was based on the circumstances present in 2010. The European Commission stated in the Summary of Commission Decision that “a new 400 kV line, which SvK commits to build and operate by 30 November 2011 at the latest, near to Gothenburg in western Sweden will be sufficient to relieve the transmission bottleneck on the West-Coast-Corridor”

SvK’s argumentation of the continued need to curtail the Danish-Swedish interconnectors due to increases in internal wind generation and increases in nuclear generation since the grid reinforcement in 2012 must be considered additional conditions to the existing agreement. On that basis, we consider the continued use of the exemption in the Case COMP/39.351 non-compliant with the Commission Decision and the principles of Regulation 714/2009.

Article 37 paragraph 9 of EC Directive 72/2009 states: “The regulatory authorities shall monitor congestion management of national electricity systems including interconnectors, and the implementation of congestion management rules. To that end, transmission system operators or market operators shall submit their congestion management rules, including capacity allocation, to the national regulatory authorities. National regulatory authorities may request amendments to those rules”.

Article 37 paragraph 10 of EC Directive 72/2009 states: “Regulatory authorities shall have the authority to require transmission and distribution system operators, if necessary, to modify the terms and conditions, including tariffs or methodologies referred to in this Article, to ensure that they are proportionate and applied in a non-discriminatory manner”. 

To Swedish Energy Markets Inspectorate

Cc: Svenska Kraftnät
Danish Utility Regulator
Danish Ministry of Energy, Utilities and Climate
Energinet
ACER
On this basis, Danish Energy and Danish Wind Energy Association hereby issues a complaint to the Swedish Energy Markets Inspectorate in accordance with article 37 paragraph 11 of EC Directive 72/2009 on the principles currently applied by SvK for congestion management with curtailment of the cross-border capacity on the two Danish-Swedish interconnectors as a means to relieve the internal Swedish congestion on the West Coast Corridor.

At the NordReg workshop on 25th October 2018, SvK in its presentation slides argued that the capacity reductions are needed due to “Risk of transient instability and/or blackout after N-1 fault” and “Lack of suitable and efficient regulation resources”. SvK has however not documented what amount of thermal capacity and sources of reactive power is needed in the Swedish price areas to secure operational security in the Swedish grid. In order to assess and verify compliance with the abovementioned regulation, the required thermal capacity in operation should be calculated and reported continuously in an open and transparent manner to the Swedish Energy Markets Inspectorate and the Danish Utility Regulator.

In a written response to the Danish Wind Energy Association, SvK furthermore states that it does not consider neither Swedish wind generation, Swedish load nor countertrade resources in the down regulation of a power surplus. Only the imports on interconnectors are regulated down and we do not see how this is compliant with EU regulation of the internal energy market.

The fact that Swedish wind power and load are not taken into consideration in the balancing market is in our view not in line with the aims set out in Article 3 of Regulation 2017/2195 (the Balancing Guideline) and cannot be considered a valid reason for curtailing cross-border capacity in the internal energy market. Down regulation from wind power is used by other European TSOs in countertrade, for example by TenneT on the DK1-Germany interconnector, which even uses cross-border activation of down regulation from wind power.

In addition to the lack of compliance with Regulation 714/2009, it should be further investigated if SvK’s curtailment of the Danish-Swedish interconnectors is compliant with the wholesale market integrity and transparency requirements of Regulation 1227/2011 (REMIT).

Preamble (13) of Regulation 1227/2011 states:
“Manipulation on wholesale energy markets involves actions undertaken by persons that artificially cause prices to be at a level not justified by market forces of supply and demand, including actual availability of production, storage or transportation capacity, and demand. Forms of market manipulation include ……; and deliberately making it appear that the availability of electricity generation capacity or natural gas availability, or the availability of transmission capacity is other than the capacity which is actually technically available where such information affects or is likely to affect the price of wholesale energy products”.

Previously, the Swedish Energy Markets Inspectorate has been reluctant to comment on the current interconnector curtailment as it has been viewed as an issue between SvK and the European Commission. If the Swedish Energy Markets Inspectorate still has this concern, we suggest the Swedish Energy Markets Inspectorate to approach the European Commission for their opinion on the exemption today seen in the light of the increasing curtailment applied by SvK.
Our organizations encourage the Swedish Energy Markets Inspectorate to issue a decision on whether the methods applied for congestion management by SvK are in line with the fundamental principles of the internal energy market and the rules and requirements outlined in the regulations referred to in this letter. A continued discrimination of cross-border trade in the internal energy market is not merely detrimental to, but in direct conflict with, the ongoing integration of the internal energy market.

We look forward to your response.

Yours sincerely,

Henrik Vinther
CEO
Danish Wind Energy Association

Anders Stouge
Deputy CEO
Danish Energy