

**NATIONAL ENERGY REGULATORY COUNCIL**  
**GAS AND ELECTRICITY DEPARTMENT**  
**MARKET DEVELOPMENT AND MONITORING DIVISION**  
**CONGESTION INCOME REPORT FOR 2019**

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Vilnius

National Energy Regulatory Council (hereinafter – the NERC), in accordance with Article 19(5) of Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity (hereinafter – Regulation), prepares and publishes congestion income report for 2019 (hereinafter – Report), also provides the Report to the Agency for the Cooperation of Energy Regulators (hereinafter – ACER). Report prepared based on transmission system operator AB “Litgrid” data provided in letter No. 20SD-1425 on 29 April 2020 (hereinafter – Data), which was send to the NERC.

1. In accordance with Article 19(5)(a) of Regulation provided information on the amount of congestion income collected for the 12-month period ending on 31 December of the previous year, i.e. 01-01-2019 – 31-12-2019 period.

Table 1. The amount of congestion income collected for 01-01-2019 – 31-12-2019 period.

Interconnector	The amount of income, Eur
Lithuania – Latvia	380 150
Lithuania – Poland	10 160 009
Lithuania – Sweden	16 825 674
<b>Total</b>	<b>27 65 833</b>

2. In accordance with Article 19 (5)(b) of Regulation provided information on how that revenue was used pursuant to paragraph 2, including the specific projects the income has been used for, and the amount placed on a separate account line. In the Data AB “Litgrid” pointed out that congestion income used in accordance with Article 19 (2)(a) of Regulation guaranteeing the actual availability of the allocated capacity including firmness compensation, and in accordance with Article 19 (2)(b) of Regulation maintaining or increasing cross-zonal capacities through optimisation of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investments that are relevant to reduce interconnector congestion. In the table 2 detailed information on the use of the received congestion income for the period from 01-01-2019 – 31-12-2019 is provided.

Table 2. The use of the received congestion income.

	Income used, Eur
<b>Ensuring the actual availability of the allocated capacity in accordance with Regulation article 19 (2a)</b>	<b>201 663</b>

<b>Network investments in accordance with Regulation article 19 (2b)</b>	<b>3 786 786</b>
Investment project “330 kV Bitėnų SP išplėtimas į 330/110/10 kV Bitėnų TP (II etapas) ir 110 kV elektros perdavimo linijos Pagėgiai-Bitėnai statyba” financing	3 043 714
Investment project “LitPol link jungties išplėtimo I etapas (400/330 kV autotransformatoriai Alytaus TP)” financing	743 072
<b>The residual revenues transfer to separate internal account line.</b>	<b>23 377 384</b>
<b>Total</b>	<b>27 365 833</b>

3. In accordance with Article 19 (5)(c) of Regulation information must be provided on the amount that was used when calculating network tariffs.

The congestion income was not used to set the price cap for the transmission service for 2020.

4. In accordance with Article 19 (5)(d) of Regulation, provided information on verification that the amount referred to in point (c) complies with this Regulation and the methodology developed pursuant to paragraphs 3 and 4. In Article 19 (3) of Regulation is provided where the priority objectives set out in paragraph 2 have been adequately fulfilled, the revenues may be used as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs or fixing network tariffs, or both. The residual revenues shall be placed on a separate internal account line until such a time as it can be spent for the purposes set out in paragraph 2. Also, the Article 19 (4) of Regulation established that the use of revenues in accordance with point (a) or (b) of paragraph 2 shall be subject to a methodology proposed by the transmission system operators after consulting regulatory authorities and relevant stakeholders and after approval by ACER. The methodology shall set out at least the conditions under which the revenues can be used for the purposes referred to in paragraph 2, the conditions under which those revenues may be placed on a separate internal account line for future use for those purposes, and for how long those revenues may be placed on such an account line.

The congestion income was not used in accordance with Article (5)(c) of Regulation and therefore further assessment is not made in accordance with Article 19 (5)(d) of Regulation.

5. Balance of unused congestion income is 38 889 thousand euros as of 31 December 2019 where 26 240 thousand euros were transferred to account of UAB “EPSO-G” (parent company of AB “Litgrid”). Noteworthy, NERC received a letter from AB “Litgrid” No. 19SD-2081 (hereinafter – Letter) on 26 March 2019, by which AB “Litgrid” requested NERC to confirm that accumulated congestion income account could be connected to the account of UAB “EPSO-G” group of companies, thus avoiding the risk of inefficient use and freezing of money until the funds are used to finance the synchronization project with continental Europe in 2023.

NERC, having assessed the information in the Letter, in letter No. R2-(E)-917 pointed out that it does not object to the connection of the accumulated congestion income account to the account of the UAB “EPSO-G”, however AB “Litgrid” must ensure that the congestion income shall be used for the aims set in Regulation (EC) No. 714/2009 of the European Parliament and of the Council of 13 July 2009 “On conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No. 1228/2003” on the management

and allocation of available transmission capacity of interconnections between national systems. Also, in accordance with principle of transparency, AB "Litgrid" should annually provide NERC with information on accrued income and its use.

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