



Report | The Danish Utility Regulator the 1st of March 2025

1 March 2025

Report on use of congestion income for 2024

J.nr.: 25/00142
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This report is published according to article 19(5) of the European Parliament and the Council regulation (EU) 2019/943 on the internal market for electricity. The English version is a courtesy translation only.

Introduction

According to article 19(5) in regulation (EU) 2019/943 the national regulatory authorities (Danish Utility Regulator) shall by the 1st of March each year publish a report setting out:

- a) The amount of revenue collected for the 12-month period ending on 31 December of the previous year;
- b) 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;
- c) The amount that was used when calculating network tariffs; and
- d) Verification that the amount referred to in point (c) complies with regulation (EU) 2019/943 and the methodology developed pursuant to paragraphs 3 and 4

Congestion income arise because of price differences between different price zones in the European electricity wholesale market. The price differences arise because of a demand for electricity transmission that exceeds the physical cross-zonal capacity of the transmission lines. There are capacity constraints at the Danish borders with the Netherlands, Norway, Sweden, UK, Germany, and the intraconnector between the two Danish price zones. According to the regulation (EU) 2019/943 the congestion revenues from these shall be subject to review by Forsyningstilsynet.

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Congestion income per border

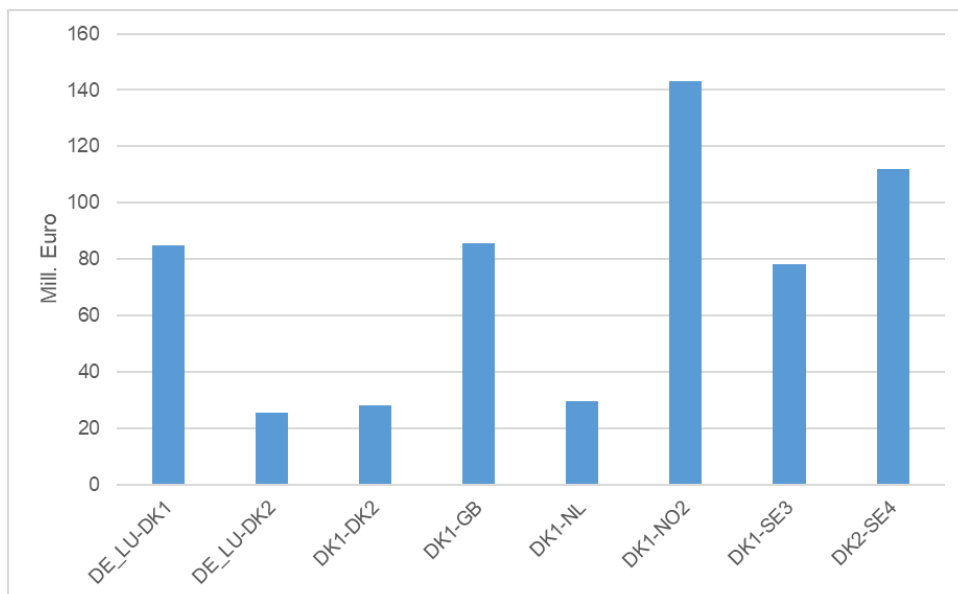
The following TSOs are involved in the congestion management of the individual borders:

TABEL 1 | INVOLVED TSO'S IN THE CONGESTION INCOME OF ENERGINET

Border	Neighboring TSO	Interconnector name
DE_LU - DK1	TenneT (DE)	Jylland-Tyskland
DE_LU - DK2	50Hertz (DE)	Kontek og Kriegers Flak
DK1 - DK2	Energinet (DK)	Storebælt
DK1 - GB	National Grid (UK)	Viking Link
DK1 - NL	TenneT (NL)	COBRA
DK1 - NO2	Statnett (NO)	Skagerrak
DK1 - SE3	Svenska Kraftnät (SE)	Konti-Skan
DK2 - SE4	Svenska Kraftnät (SE)	Øresund

For the year 2024 the Danish TSO, Energinet, aggregated congestion income of 587 million euro (4.74 million DKK) The congestion income collected at the respective borders is illustrated in the following figure:

FIGURE 1 | CONGESTION INCOME AT THE DANISH BORDERS



Source: Energinet's congestion report 2024

Note: the revenue is for the period 1. January 2024 – 31. December 2024.

Use of congestion income from 2024

Purposes according to article 19(2) and (3) in regulation (EU) 2019/943.

According to article 19(2) in regulation (EU) 2019/943, the following objectives shall have priority with the respect to the allocation of any revenues resulting from the allocation of cross-zonal capacity:

- 1) Guaranteeing the actual availability of the allocated capacity including firmness compensation;
- 2) Maintaining or increasing cross-zonal capacities through optimization of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investment that is relevant to reducing interconnector congestion.

Where the priority objectives 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 put on a separate internal account line until such a time as it can be spent for the purposes set out in paragraph 2.

Energinet have reported the following on the actual use of the congestion income for the purposes set out in paragraph 2 and 3.

TABEL 2 | USAGE OF CONGESTION INCOME (CI) BY PURPOSES

Amount of CI use for priority objectives within the reported year set out in art. 19 (2), lit. a)	CI used for purposes set out in art. 19 (2), lit. b) and c)	CI used for tariff reduction set out in art. 19 (3)	CI placed on a separate internal account line art. 19 (3)	Total (mill. euro)
333	0	67	187	587

Source: Congestion report 2024 from Energinet.

If the congestion revenues are used when calculating network tariffs, the report shall set out how the TSO fulfilled the priority objectives set out in paragraph 2. Energinet reported usage of congestion income of 67 million euro for tariff reductions in 2024. Energinet stated the reason for this was extraordinary large energy prices. Forsyningstilsynet assess that the usage of congestion income on priority objectives is in accordance with the approved plan. The Danish Utility Regulator will make a decision on the extraordinary tariff reductions in 2024 in the annual regulatory revenue-cap decision.

Usage of congestion income on specific projects

According to article 5 (2) and article 3 decision on the methodology for the use of congestion income proposed by ENTSO-E and approved by ACER by decision 38-2020 on the 23 of December 2020, the TSO's are obligated to submit a list of specific projects, where congestion income have been invested.

All Energinet's electricity transmission costs, including depreciation and capital costs, are included in the revenue cap model for the transmission operator. This includes the above-mentioned interconnectors and a share of cost associated derived from internal assets necessary to maintain cross-zonal capacity.

In the Danish regulatory framework, revenue caps are set ex-post and congestion income is taken into account along with tariff income as part of the capped revenue – unless it is placed on an internal account for future use. Energinet provides a detailed breakdown of the use of congestion income in accordance with the approved plan for the year in their regulatory accounts submitted at the latest by the 1st of June every year.

Energinet have not reported any use congestion income as investment funding for specific projects in 2024.