

C.6 Terms for Congestion Management¹

0. Changes to the previous version

The present version is the initial one.

1. Introduction

- 1.1 These Terms are adopted on the basis of the Electricity Act, No. 65/2003, as subsequently amended; and of Government Regulations No. 1050/2004, on electricity trading and metering, as subsequently amended; No. 1040/2005, on the implementation of the Electricity Act, as subsequently amended; No. 513/2003, on system management in the electricity system; and No. 1048/2004, on the quality and secure delivery of electricity, as subsequently amended.
- 1.2 These Terms have been confirmed by the Minister pursuant to paragraph 6 of Article 9 of the Electricity Act.

2. Definitions

The following definitions apply in these Terms:

- 2.1 A *failure* is a situation in which a component of the electricity system ceases operation or has a limited capacity to fulfil its function.
- 2.2 A *transmission system* is the electrical lines and connected facilities that are necessary to transmit electricity from power plants to power intensive users and to distribution system operators at the delivery points listed in the Annex to the Electricity Act, No. 65/2003, as subsequently amended. It extends from the high-voltage side of any auxiliary transformer connected to it, cf. the third paragraph of Art. 5 of the Electricity Act, to the high-voltage side of substation transformers for power intensive users or distribution system operators.
- 2.3 *Transmission auction* refers to the tendering of available transmission capacity for permanent transmission congestion for a certain period (such as a year, month, week or hour).
- 2.4 *System constraints* (bottlenecks) are situations in which the transmission capacity of transmission facilities or part of a transmission system is insufficient, requiring limitations in transmission of electricity.
- 2.5 *Down regulation* refers to a demand for negative regulation power, i.e. power that needs to be taken out of the transmission system whenever actual use becomes less than estimated use within the electricity system as a whole.
- 2.6 *Curtailable electricity* refers to electricity which Landsnet is permitted to curtail due to disturbances in the transmission system or power plants, congestion problems in the transmission system, maintenance or periodical tests. This does not apply to curtailments and rationing according to the ninth paragraph of Art. 9 of the Electricity Act.

¹ This is a translation from the Icelandic version of the grid code. In case of discrepancy the Icelandic version shall apply.

- 2.7 *Regulating power* is the power Landsnet utilises to balance differences between forecast and actual total energy use in the electricity system.
- 2.8 The *regulating power market* is Landsnet's procurement market for regulating power.
- 2.9 A *regulating power option* is an agreement Landsnet concludes with a producer in the regulating power market whereby the producer offers a certain minimum of regulating power for definite periods and within given power and price limits. Regulating power options guarantee a minimum supply in the regulating power market.
- 2.10 *Temporary transmission congestion* is a system constraint which has not been designated as permanent transmission congestion and does not result from a disruption in operations.
- 2.11 An *operational disruption* is an automatic tripping, unplanned manual breaking or failed insertion after an electric system failure.
- 2.12 *Up regulation* refers to a demand for positive regulation power, i.e. power that needs to be fed into the system whenever actual consumption is higher than the use that was forecast for the electricity system as a whole.
- 2.13 *Non-spinning reserves* signifies the capacity of a power plant which is available for operation and is not configured with the electricity system but can be started up, configured with the system and fully utilised within a certain time frame after a request has been sent.
- 2.14 *Permanent transmission congestion* is a system constraint which for structural reasons lasts at least 1000 hours per year at a particular location and is not caused by operational disruptions.
- 2.15 The *generation plan* of a producer must contain numerical information on the planned production of its power plants with a power capacity of 7 MW or more. Generation plans are prepared for a single day at a time, for each of the hours.
- 2.16 *Producer* is a company engaging in the generation of electricity or holding a power development license.

3. General aspects

- 3.1 Landsnet fulfils its legal obligation to ensure the secure operation and stability of the transmission system inter alia by issuing rules on how to deal with system constraints, since according to Article 6 of the Regulation on system management in the electricity system, No. 513/2003, cf. Articles 4 and 5, Landsnet shall guarantee that any system constraints are resolved in a fair manner, over the short or long term, for the parties concerned.

4. Permanent transmission congestions

- 4.1 Landsnet is authorised to introduce permanent transmission congestion by giving a minimum notice of one month and cancelling it again with a notice of no less than two days. Notifications to this effect shall be presented on the Landsnet website.
- 4.2 Landsnet shall allocate available transmission capacity due to permanent transmission congestion by holding transmission auctions.

5. Temporary transmission congestions

- 5.1 Landsnet is authorised to introduce temporary transmission congestions without notice as well as to cancel it without notice. Notifications to this effect shall be presented on the Landsnet website. If possible, Landsnet shall give advance notice of any temporary transmission congestion.
- 5.2 Responses to temporary transmission congestion caused by repair operations are subject to agreements with the stakeholders involved in each case. Such an agreement must include decisions on sharing the cost due to the temporary transmission congestion and on handling energy purchases and any curtailments that may prove necessary.
- 5.3 When permission for temporary transmission congestion that is not based on Article 5.2 is requested by other parties, Landsnet shall in each instance base its determination on transmission system security. The provision of such permission shall show consideration for letting the congestion cause Landsnet customers as little inconvenience as possible. The cost arising from any temporary transmission congestion based on this article shall be paid by the party requesting such congestion.

- 5.4 The measures Landsnet may take for temporary transmission congestions, other than the congestions according to Articles 5.2 and 5.3, are as follows:
- 5.4.1 In the section of the transmission system where temporary transmission congestion will lead to estimated excess generation, Landsnet shall apply down regulation in the regulating power market.
- 5.4.2 In the part of the transmission system where temporary transmission congestion will lead to estimated shortfalls in generation, Landsnet shall apply the following measures, as circumstances allow and in the following sequence:
- (1) Revising generation plans due to a temporary transmission congestion, cf. Article 5.5.
 - (2) Curtailing curtailable energy, in accordance with the respective Landsnet rules.
 - (3) Utilising curtailment provisions for power intensive users, cf. Article 5.6.
 - (4) Up regulating in the regulation power market, cf. Article 5.7.
 - (5) Taking advantage of non-spinning reserves, cf. Article 5.8.
- 5.5 Landsnet is authorised to send a request to producers to the effect that they revise their generation plans in order to reduce or prevent temporary congestion. Landsnets request shall state how much generation the producer must transfer beyond the congestion. The request shall be based on the proportion of the installed capacity which the particular producer has in the area of excess generation to all the installed capacity in that area.
- 5.6 Landsnet shall make use of the contractual curtailment provisions in its agreements with power intensive users in order to reduce or prevent temporary transmission congestion. If possible, Landsnet shall give the stakeholders who are involved an opportunity to reorganise their operations before curtailment occurs.
- 5.7 Landsnet utilises up regulation in the regulating power market for temporary transmission congestions lasting up to 24 consecutive hours due to a single incident. Should a temporary transmission congestion be foreseen to last longer than 24 hours, Landsnet shall inform the interested parties of this as soon as possible, with a minimum notice of 12 hours. If a temporary transmission congestion lasts longer than 24 hours, the stakeholders involved shall have reorganised their operations so that it will then become possible to cease using up regulation for this purpose.
- 5.8 In accordance with the Terms for the Procurement and Settlement of Non-Spinning Reserves (C3), Landsnet utilises non-spinning reserves for temporary transmission congestions lasting up to 24 consecutive hours due to a single incident. Should a temporary transmission congestions be foreseen to last longer than 24 hours, Landsnet shall inform the interested parties of this as soon as possible, with a minimum notice of 12 hours. If temporary transmission congestions lasts longer than 24 hours, the stakeholders involved shall have reorganised their operations so that it will then become possible to cease using non-spinning reserves for this purpose.
- 6. Liability**
- 6.1 The provisions on liability in the General Terms on Electricity Transmission and System Management (A1) shall also apply to the present Terms.
- 7. Force majeure**
- 7.1 The provisions on force majeure in the General Terms on Electricity Transmission and System Management (A1) shall also apply to the present Terms.
- 8. Breach of terms**
- 8.1 In the event of breaches of these Terms, the National Energy Authority may be requested to take action on the basis of Chapters VII and VIII of the Electricity Act.
- 9. Surveillance and remedies**
- 9.1 The National Energy Authority supervises that companies operate pursuant to the Electricity Act, No. 65/2003, and their compliance with the conditions applying to these operations according to laws, regulations and these Terms.

- 9.2 In case of disagreement on the implementation or interpretation of provisions in these Terms, the National Energy Authority, and the Appeals Committee on Electricity where applicable, shall be requested to rule in instances where they have the power to make a ruling on the basis of Chapters VII and VIII of the Electricity Act. If a dispute cannot be appealed to the National Energy Authority, the case may be referred to the District Court of Reykjavik for resolution.

10. References

- 10.1 A.1 General Terms on Electricity Transmission and System Management.
- 10.2 B.3 Terms for the Procurement of Regulating Power and Settlement of Balancing Energy.
- 10.3 C.3 Terms for the Procurement and Settlement of Non-Spinning Reserves.