

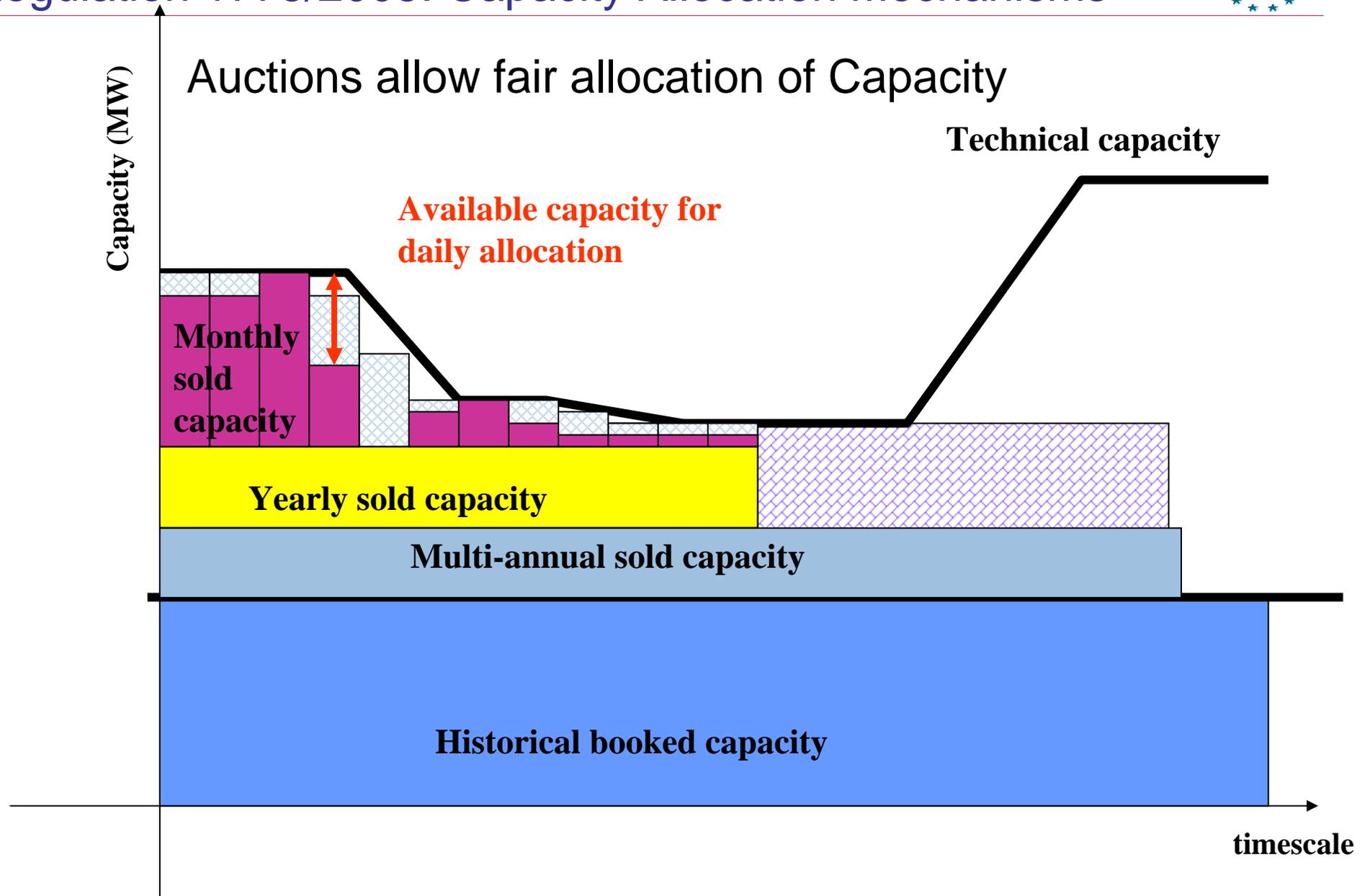
**EC/1775/2005:
Capacity Allocation Mechanisms
and
Congestion Management Processes**

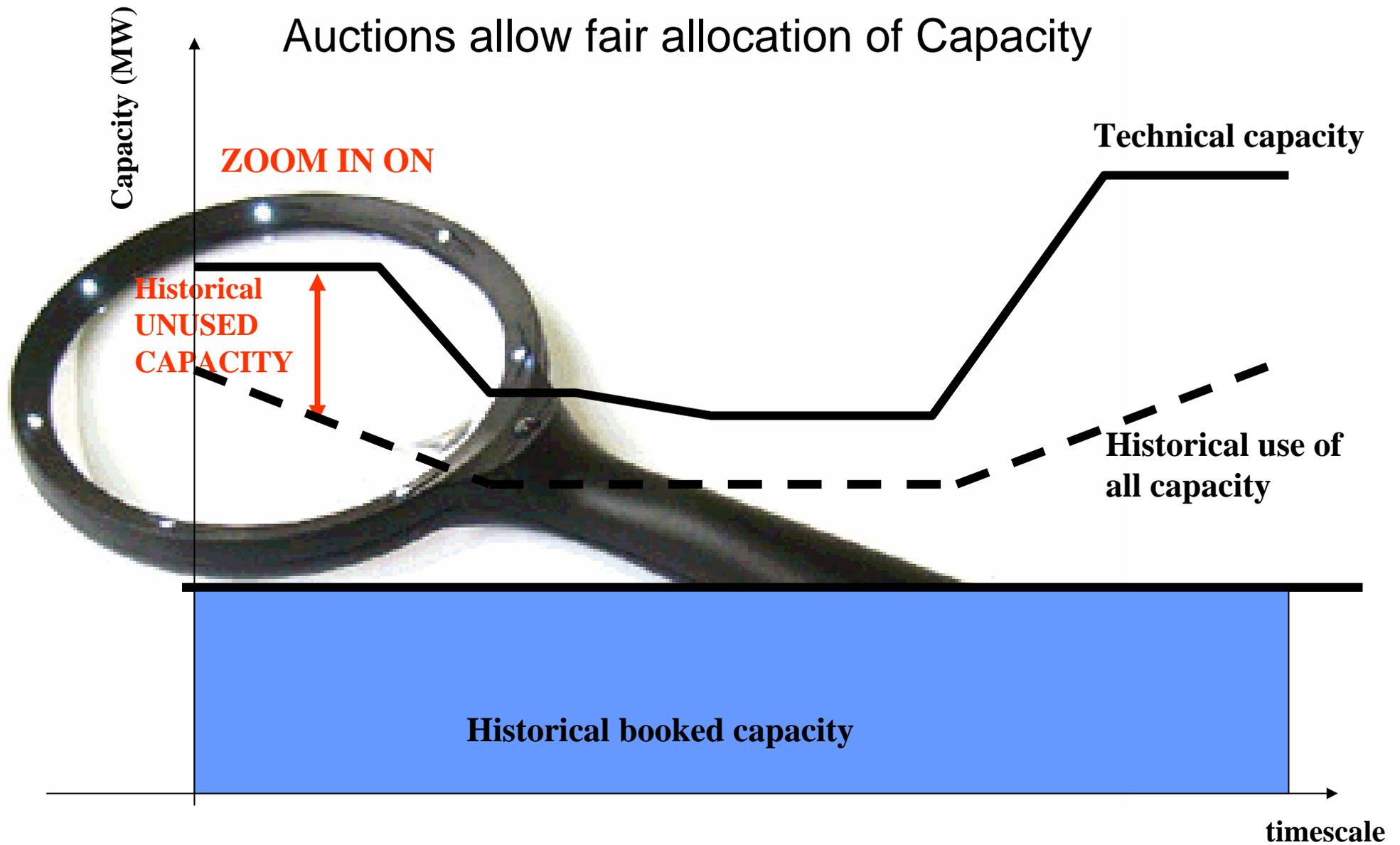
EFET has written to the Commission to suggest 10 points to ensure non-discriminatory capacity allocation

1. Consultation and TSO investment in sufficient capacity
2. Provision of full information on capacity, flows etc...
3. Regulators check historical arrangements
4. Capacity is sold as a tradable right
=> address anomalies in historical arrangements

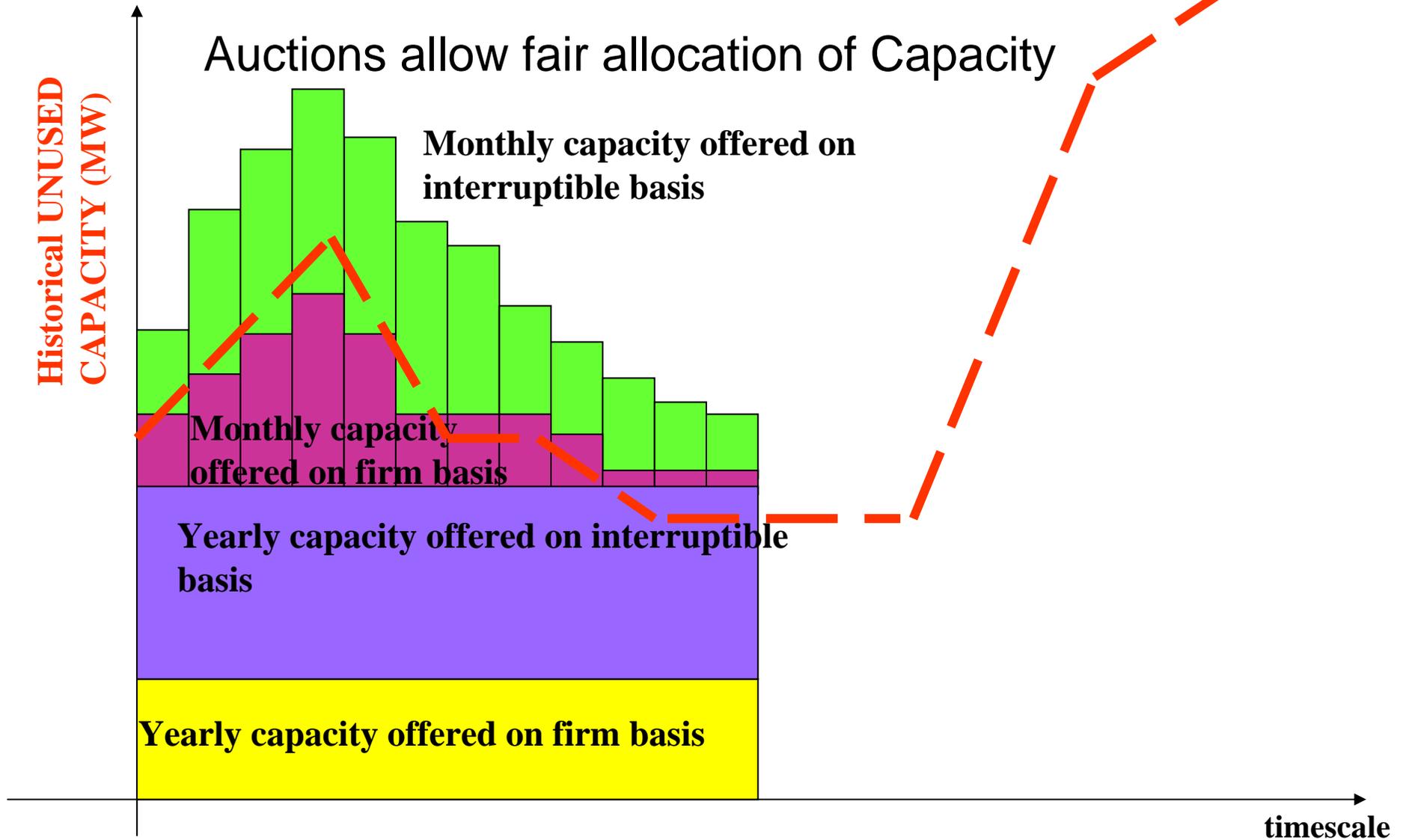
5. Enable secondary capacity trading
6. Maximize available capacity offered to market
7. Auctions normally clear at the regulated price
8. Co-ordination at cross-border points
9. Auction fairly allocates scarce capacity
10. Consistent shorter-term sale on-line by the TSO

Regulation 1775/2005: Capacity Allocation Mechanisms

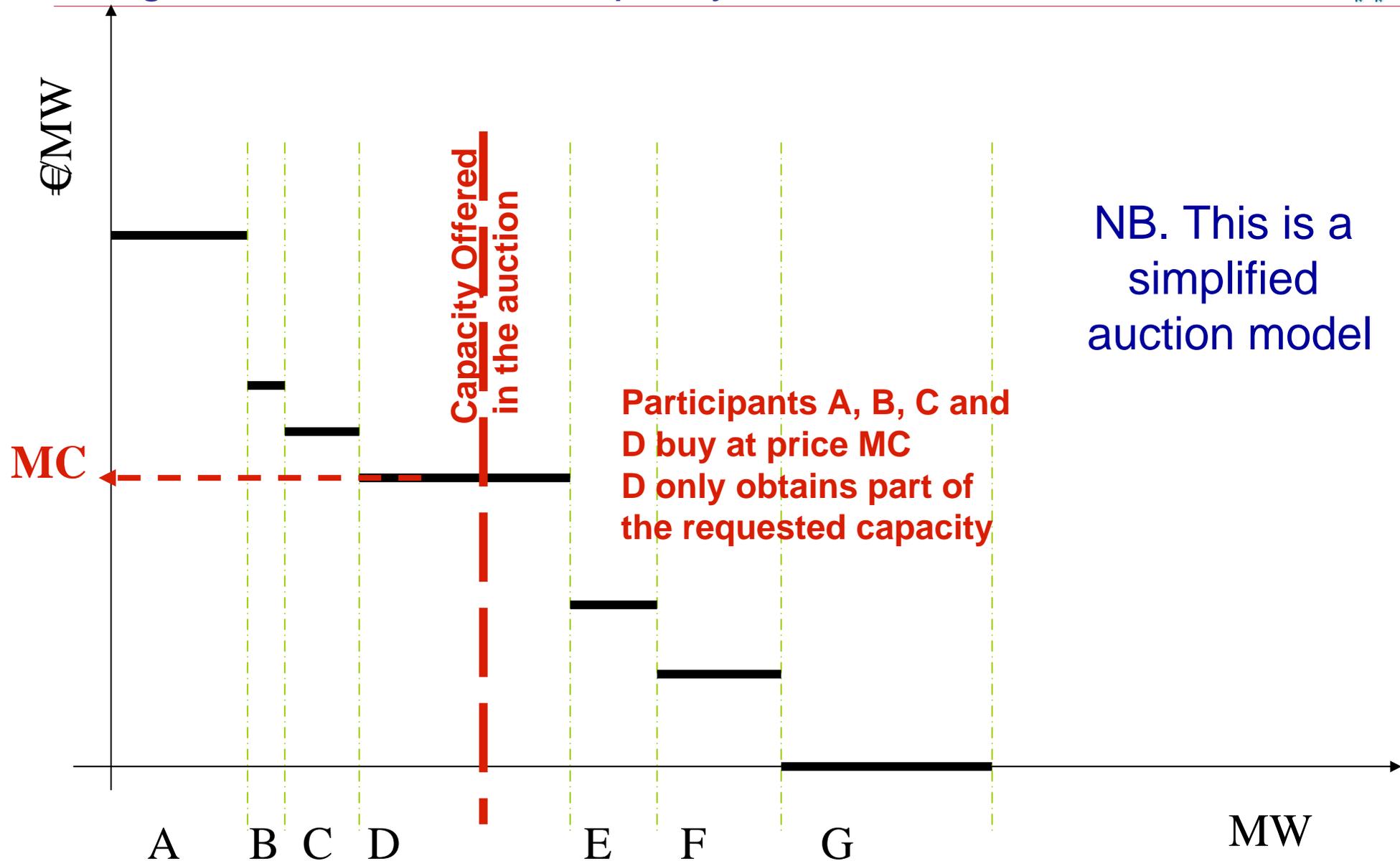




Regulation 1775/2005: Capacity Allocation Mechanisms



Regulation 1775/2005: Capacity Allocation Mechanisms



NB. This is a simplified auction model

- ➔ EFET has offered to participate in a workshop with GTE to establish improved practical ways to implement non-discriminatory Capacity Allocation and Congestion Management through market-based mechanisms with Regulatory oversight based on 1775/2005

- ➔ EFET welcomes the emphasis on non-discrimination in the CAM and CMP explanatory notes. Allocation of capacity, whether it is an initial primary allocation or allocation procedures to cope with congestion, the allocation must treat all parties equally:

- ➔ "priority allocation of transmission or distribution capacities is incompatible with Community rules" SEC(2006) 547