



Explanatory Notes on Article 5 (1,2) of Regulation (EC) 1775/2005

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Possible capacity situations

- **GEODE shares the view that three capacity situations are conceivable**
- **Short-term congestions**
 - Congestion management procedures have not been applied properly
 - They are a result of anti-competitive acting
 - Short-term congestions can be prevented by auctions and proportional allocations
- **Long-term congestions**
 - Are a result of failed exercise of capital spending and mistaken prediction of the required infrastructure
 - TSOs should be sanctioned
 - Investment in new infrastructure and open seasons as correctives



Capacity allocation mechanisms

- **GEODE hold the view that the most common mechanisms are**
 - „First come first serve“
 - Pro rata
 - Auctions
 - Open season
- **„First come first serve“ when more capacity is offered than requested**
- **But no need for „uioli-principle“ when offer exceeds request**
- **According to GEODE’s point of view Regulation 1775/2005 includes existing long-term contracts**



Requirements for functioning CAM

GEODE holds the opinion that

- **full transparency on current and future capacity situations at any relevant point of a given transmission system,**
- **open seasons,**
- **equal treatment of ongoing and new contracts**

are essential for functioning CAM