

Energy Traders Europe comments on the Route 1 capacity product consultation

In this consultation response, Energy Traders Europe would like to reiterate the concerns we have raised regarding the "Route 1" special capacity product, bundling capacities from Greece to Ukraine. As raised with the European Commission and the Energy Community Secretariat in a letter submitted ahead of the start of the product's first auction in May, we note that:

- We do not believe such capacity product could be deemed compliant with the EU acquis;
- Introduction of such product is distortive, potentially putting capacity holders on competing routes at a disadvantage;
- Creation of a point-to-point product by way of exception would also create a dangerous precedence, likely encouraging other Member States to develop similar products;
- The design of the product, albeit introduced as a justification of the discount proposed, will result in:
 - Reinforced position of the national incumbents on the markets along the Trans-Balkan route
 - Further fragmentation of the regional market

In short, while we applaud the cooperative effort of the TSOs in the region, we stress that the solution proposed only aggravate the trade barriers in the region that have made the Trans-Balkan transit route commercially unattractive in the first place. Energy Traders Europe is available to participate in a transparent and open discussion to identify solutions that support increasing the level of market integration in the medium term. Possible solutions could include lower seasonal factors and multipliers for existing short term capacity products, market area mergers and route (combined capacity) products, if they are compliant with the EU acquis and contribute to achieving the stated goal. That said, we reiterate our unwavering support to regional market integration initiatives and efforts seeking to improve the utilization of its gas network.

Contact

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