Directorate-General for Competition
Directorate-General for Energy
European Commission

Brussels, 29 September 2025

To: DG ENER, DG COMP, European Commission
Subject: Concerns on Italian Draft Decree to Eliminate PSV–TTF Spread

Eurogas and Energy Traders Europe note with concern the Italian draft legislative proposal requiring the national regulator ARERA to adopt measures to eliminate the spread between the Italian PSV hub and the Dutch TTF hub. The proposal foresees either:

- the introduction of **negative entry tariffs at Passo Gries**, or
- a **"liquidity service"**, managed by the TSO, where market participants can compete in order to:
  - offer gas to the Italian hub, entering the network at predetermined entry point(s), at TTF-linked prices.
  - receive a compensation for providing the service [1].

Eurogas and Energy Traders Europe share the Commission's objective of further integrating European gas markets. However, such **unilateral measures risk undermining EU market integration** and raise **questions of legal compatibility** with EU tariff and market integrity rules.

Background

Italy's PSV has historically traded at a premium to northwest European hubs due to structural supply flows and cross-border transport charges along the Swiss route. The draft decree seeks to address this price differential through national intervention rather than coordinated EU action.

Industry Assessment

The co-signatories consider that the proposed measures:

- **Lack legal clarity:** Negative capacity tariffs appear incompatible with the EU Network Code on Harmonised Transmission Tariff Structures, which requires consistent tariff methodologies across entry points. Likewise, obliging offers at TTF+ε could raise concerns under EU rules on transparency, integrity, and market distortion.

- **Raise concerns under EU competition and State aid law:** The introduction of negative entry tariffs or a TSO-managed liquidity service linked to TTF could be considered a form of state aid, as it would involve direct or indirect financial advantages granted by public authorities or regulated entities. Such measures risk distorting competition between entry points and across Member States, by favouring one route and one hub over others. They therefore raise questions of compatibility with EU State aid rules and the broader principle of a level playing field in the EU internal gas market.
- **Do not deliver value for money**: significant sums of money would be spent and it is likely that the perceived benefit is partially lost due to indirect effects on other cross-border flows (e.g. export flows).
- **Risk EU market fragmentation:** By artificially lowering PSV prices, the measures would distort competition between entry routes and undermine price signals. Other Member States could be incentivised to introduce similar mechanisms, leading to a patchwork of national interventions and weakening the internal market.
- **Impact cross-border trade:** Applying such measures unilaterally could affect gas flows towards neighbouring Member States, thereby altering the functioning of interconnected hubs and potentially increasing spreads elsewhere, reducing liquidity and network utilisation in neighbouring countries. In detail, less utilisation could lead to declining liquidity, more price volatility and, ultimately, higher network tariffs. Austria would be one of the most affected countries in this context, with its central geographical position and strong dependence on cross-border gas flows.
- **Weaken security of supply in the CEE region by reducing diversification:** In the context of the progressive phase-out of Russian gas, some CEE countries have voiced concerns around the challenges of diversifying supply sources, notably in terms of affordability and supply security. Shifting flows southwards would undermine another important source of diversification. For CEE countries, this means fewer supply options and greater dependence on limited corridors, which reduces resilience.
- **Undermine the role of storage and system flexibility in the CEE region**: By artificially linking PSV prices to TTF, national measures risk distorting hub price formation and redirecting gas flows away from key trading hubs and storages. This would weaken the role of infrastructure in Central and Eastern Europe, where large storage sites – such as those in Austria – serve not only national needs but provide seasonal balancing, price stability, and crisis flexibility for the wider region. Undermining their utilisation would reduce resilience and weaken the overall functioning of interconnected EU markets.

Industry Proposal

The co-signatories call on the European Commission to:

- **Assess the legal compatibility** of the Italian proposal with EU tariff and market integrity rules as well as competition and state aid rules, and provide clarity to ensure consistent implementation across the Union.
- **Discourage unilateral interventions** that risk undermining the integrity of the EU internal gas market and setting precedents for further national measures.
- **Reaffirm the importance of coordinated, market-based solutions** at EU level as the basis for hub integration and supply security.

Eurogas and Energy Traders Europe urge the Commission to engage with the Italian authorities and to provide early guidance to prevent the introduction of measures that could distort competition, fragment the internal market, and create uncertainty for gas market participants.

In this context, the co-signatories also draw attention to their broader work on **TSO tariffs,** which represent one of the drivers for market geographical spreads due to the cumulation of entry and exit tariffs that a gas molecule is subject to before reaching the market where it is consumed. At the recent **ACER workshop on ACER's new cost efficiency comparison of gas TSOs**, Eurogas highlighted that rising and unpredictable transmission charges are already creating challenges for network users across the EU. We recommended improving tariff transparency and predictability, ensuring that tariff methodologies are applied consistently, and avoiding volatility that undermines competitiveness. These structural issues should be addressed through proper implementation and, where necessary, revision of the EU tariff framework, rather than through national ad-hoc interventions.

Yours sincerely,
Eurogas and Energy Traders Europe

About Eurogas

Eurogas is an association of over one hundred members representing gaseous energy in Europe. We lead the sector's transition to climate neutrality through dialogue with stakeholders and policymakers, so that gas can be effectively used for the decarbonisation of Europe's energy sector. We are active throughout the gas sector value chain, including renewable and low-carbon gases, their derivatives and carbon capture utilisation and storage. Our members cover wholesale and retail gas markets, the distribution of gaseous energies and the use of gas in transport. We also represent technology providers including companies active on value chain methane emissions management.

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About Energy Traders Europe

Energy Traders Europe is the voice of Europe's energy traders. We represent over 170 member companies from across the continent, working to promote the role of energy traders in the European energy market.

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