

ARERA consultation 198/2026 – Gas liquidity service, art. 10 DL Bollette implementation

6 July 2026

General comments

Energy Traders Europe would like to reiterate our concerns over the distortive nature of the proposed liquidity service, which cannot be resolved through additional design tweaks.

As the mechanism entails an inherent – and possibly arbitrary – choice of the preferred transport route and eligible capacities and a decision ex-ante of what would be the marginal import source for the market, it will alter the competitive equilibrium among market participants otherwise defined by the market fundamentals. This reveals the state aid nature of the mechanism, it establishes a dangerous precedent for the EU gas market and may increase, rather than limit its fragmentation.

From a national perspective, we note that the introduction of the service may be expensive and inefficient and may undermine the attractiveness of the Italian gas market through damaging its price benchmark reliability.

Even if it is successful in interfering with the wholesale gas price, the resultant detachment from the supply and demand fundamentals may damage the ability to quote prices on the forward market, while creating a situation that would encourage exports. It would therefore seem prudent to enhance the efforts to evaluate whether the entire project should be pursued.

We also note that the service may also entail state aid favouring domestic consumers, while having a broader cross-border dimension, potentially leading to gas being drawn away from Germany and Central Europe more broadly.

While the magnitude of this distortion is difficult to evaluate at this time, we note that our association sees the discussed mechanism as an intervention of regional relevance and we will seek to discuss the matter with all relevant stakeholders, including the European Commission, ACER and Member States that may be affected.

Questionnaire

1. Comments on the introduction of an integrated and multilateral auction within MGP-GAS trading for the liquidity service.

We do not support the introduction of a dedicated auction and the possibility for such auction session to become a permanent feature of the market. The mechanism risks creating two parallel pools of liquidity: those participating in the auction, and the rest of the market trading either OTC or during different timeframes.

This would result in two separate prices forming simultaneously, with negative effects for market liquidity and reliability of the price index because the auction time coincides with the formation of the Italian Gas Index (IGI).

As the index becomes less reliable, it can be challenged and contracts which refer to it may need to be renegotiated. Alternatively, if liquidity moves to the auction, other indexes, which will unlikely alter their pricing benchmark methodologies to accommodate the Italian peculiarities, will become less representative. In a worst-case scenario neither IGI nor any other index will give a fair price representation.

Moreover, the measure could negatively impact market session coming after the 17:15-17:30 time window, and in particular the MI (intraday market session) with price spreads not justified by fundamentals, potentially affecting balancing costs for all market participants.

We note that concentrating liquidity into a mandatory auction window and suspending continuous trading is a step away from the established European gas market design. This could hurt the Italian market's attractiveness, including for market participants willing to participate in liquidity-service auctions. As the TTF price continues to fluctuate during the bidding round, the difference between the bid price and the actual clearing price will be unpredictable, resulting in exposures that cannot be hedged.

2. Comments on the possibility of making the above-mentioned auction a permanent feature of MGP-GAS or, alternatively, discontinuing it once the liquidity service measure expires.

We are concerned about the possibility of turning the liquidity-service auction into a permanent, structural feature of GME's MGP-GAS market (day-ahead market).

Any permanent introduction of this mechanism requires a thorough assessment of its effects on market functioning, price formation, liquidity, with a long trial/testing period. Without this, there's a risk of permanently embedding a mechanism that would distort competitive dynamics and market efficiency in a manner described in our answer to question 1, while offering nothing in return, as soon as the underlying subsidy is discontinued.

Based on this, the auction should be treated strictly as a temporary tool to implement the "liquidity service" if needed. Any decision on making it structural should be deferred to a later phase, with an in-depth analysis. A monitoring and review toolbox with clear, shared indicators should be established from the start, allowing ARERA to assess and correct the functioning of the mechanism.

3. Comments on the modalities for submitting bids.

Participation in the mechanism, if implemented, should be fully digital. Given the particularly tight timelines, we consider it desirable for the mechanism to build on existing, established infrastructure for trading. Tools enabling direct dialogue between market participants applications and the GME should also be available.

4. Comments on the methodology for determining the revenues to be recognized to the main transmission system operator.

No comments.

5. Comments on the decision to apply the measure at the Passo Gries entry point.

We note that the mechanism would be better fit for purpose if it was able to bring down the costs of importing volumes from the marginal gas source at any given point in time.

Determining the measure based on historical dynamics of the marginal source for the Italian market is arbitrary and may completely cancel any potential benefit deriving from the subsidy. This would require for the mechanism to be agnostic with respect to whom and from what entry point the liquidity service should be provided. Such amendments would limit, but not eliminate the negative effects that we believe are brought about by the service.

We also note that the mechanism would have material and immediate impact on the adjacent markets. As the virtually only available capacity in the Transitgas system exists on the German branch, in a situation where the subsidy were to exert its maximum impact, volumes currently coming from France would be crowded out.

According to preliminary analysis of some of our Members, the measure would entail that, thanks or due to the subsidy, the Italian market would be drawing volumes from Germany – up to 30 mcm/d during winter – while Germany cannot directly draw volumes from France.

The German market would then find itself in the need to attract replacement volumes which in turn entail higher prices, and particularly a TTF – THE spread on average up to 30% higher than otherwise needed and even higher during particularly tight days. As a consequence, the situation may also impact the central European region which does not any longer have access to volumes coming from east.

6. Comments on the criteria for determining and applying charges C1 and C2.

In terms of penalties proposed, we note that:

C1: is excessively punitive even with market participants best diligence — any positive P1–P0 gap, however small, forces full repayment of that day's premium. Since the TTF reference index publishes after 17:30 (unknown at offer time, 17:15–17:30) while the volatility charge (Cv) is fixed, exposure to the penalty is structural, and not tied to the market participants ability to manage volatility. This is compounded by reduced typical post-17:30 market liquidity: a market participant selected in the daily auction must source volumes afterwards and hence will be exposed to a wide bid-ask spread, not necessarily covered by Cv (capped on pre-17:30 observations). At the same time, a market participant sourcing volumes pre-auction risks not being selected and having to manage said volumes facing the same illiquid post-17:30 conditions. We would also like to confirm that the (P1–P0) term applies only when positive, with zero applied otherwise — preserving the incentive function and economic logic of the mechanism.

C2: for the volume non-delivery penalty, we believe there is a sign error in the formula: C2 is pegged to SAP minus the short-position imbalance price (Psbil), but Psbil should by definition exceed SAP for short positions, making SAP–Psbil negative — inconsistent with reflecting the system's actual additional cost from non-delivery. The correct formulation should be Psbil–SAP instead.

The penalty regime should take account of instances beyond control of market participants, such as technical faults on Transitgas's network. We also note that, where non-performance under C1 and C2 stems from the same underlying issue, application of a cumulative penalty seems disproportionate.

7. Comments on the participation requirements for the award of the liquidity service and on the implementation timeline.

The proposed approach underlines the distortive nature of the liquidity service and the division this will create between different market participants. While the participation rules do not seem overly selective at first sight, restricting the service to a single entry point will automatically place users of other entry points at a disadvantage.

CONSULTATION RESPONSE

Restricting eligibility to available capacities only, will act to the detriment of the holders of existing capacities and may weaken the potential effectiveness of the measure as a whole. Conversely, allowing existing capacity holders to participate may place potential competitors at a disadvantage. In practice, the mechanism is bound to create a distortion.

Secondly, the proposed rules are inconsistent in treating capacity holders even along the selected route itself. While "available capacity only" requirement applies exclusively to the Swiss leg, it does not affect capacities further upstream. Such approach makes the underlying motivations for introducing such requirement difficult to understand.

Thirdly, TSO's intermediation in determining the access terms directly with Swiss Transitgas may become another source of distortions to fair competition. While the approach can help avoiding the risk of successful bidders for the liquidity service finding themselves unable to secure the necessary capacities on one hand, it may put the existing capacity holders at a disadvantage again on the other.

In addition:

- the consultation does not address what happens if a selected market participant cannot secure necessary Swiss transit capacity for reasons outside its control — given Switzerland's system isn't fully integrated into the EU regulatory framework and may have uncontrollable availability constraints. Clarity on the operator's liability in case of failure due to circumstances beyond its control (operational constraints, structural capacity shortages) should be provided. We note that currently available capacity is not booked exclusively because that capacity is not in the money. The fact that Fluxswiss would be able to market it only on the back of the Italian subsidy is in itself problematic. The Swiss operator may in that case abuse its monopolistic position to market capacity that it would have hardly ever sold otherwise. Therefore, ARERA should carefully coordinate with Swiss authorities to monitor the behaviour of the Swiss operator.
- the proposed implementation schedule is very challenging: the regulatory context is still evolving, the operational complexity needs adequate lead time, and there's a timing mismatch between annual capacity auctions (July) and liquidity-service auctions (September). This last point creates

uncertainty: market participants may need to book annual/quarterly capacity before knowing if they were successful in the liquidity-service auction (risking sunk costs if not selected) or wait for the auction result and then have to rely on shorter-term, less favorable capacity products, with no certainty of availability.

8. Comments on the content of bids and on the criteria for determining a maximum value for the volatility fee, as well as a maximum value corresponding to the sum of the volatility fee and the premium.

The premium cap and volatility charge should not only cover market participants transport costs if the mechanism is to serve its purpose. It should also recognise and compensate operational costs, guarantees, balancing risk, and other risks, while remaining attractive enough to drive broad participation.

We would also like to ask ARERA to confirm that the cheapest route benchmark, used to set the overall cap, refers to accessible and eligible capacity on that route.

9. Comments on alternative criteria that could be used to calculate the cap (e.g. the average PSV–TTF spread).

As per our answer to Q8, we note that the level of the premium cap and volatility charge will condition the attractiveness of the service to network users. In this context, it seems that a hard-coded cap on the volatility charge may quickly become a problem, particularly at times of scarcity.

10. Comments on the criteria and procedures for conducting competitive tenders.

Strong emphasis on the importance of the volatility charge for the attractiveness of the offers during the auction seems arbitrary and may need to be reconsidered. Given that the transport costs are seen as a major issue leading to the observed PSV-TTF spread that the

service seeks to address, attributing a weight of 3 to 1 in favour of the charge may be disproportionate.

11. Comments on the methodology for calculating the volume to be procured through the liquidity service.

No comments.

12. Comments on possible solutions to be implemented to achieve integration between the Italian and German gas markets.

The proposal references integration of the Italian, Swiss and German markets provides insufficient detail for meaningful assessment. Further clarity is needed, also in terms of potential readiness of the other States to consider such merger.

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