LETTER

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Hungarian Energy and Public Utility Regulatory Authority (MEKH)
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Subject: Request to postpone the offering of bundled capacity at the HU-UA interconnection point(s) pursuant to Article 70 of Regulation (EU) 2024/1789

14 July 2026

Dear Mr Gergely,

Energy Traders Europe represents energy trading companies active across the EU and in the Energy Community, including Ukraine. We are writing to raise significant concerns regarding the forthcoming decision on the mandatory offering of bundled capacity products at the Beregdaróc/Bereg VIP interconnection point.

As MEKH is aware, Regulation (EU) 2024/1789 extends the application of the network codes and guidelines adopted under Regulation (EC) 715/2009 – including the Capacity Allocation Mechanisms Network Code (CAM NC) – to all IPs within the Union, as well as to entry and exit points to and from third countries, from 5 August 2026. While we support alignment with the EU Acquis and recognise the benefits of harmonised market rules where the necessary conditions exist, **we believe that introducing mandatory bundled capacity products at the HU-UA IPs at this stage would be premature and counterproductive**.

The rationale behind bundle capacity products is to increase liquidity at hubs. Considering existing barriers to entering the Moldovan gas market for non-Moldovan companies, introducing bundled capacity now would do not nothing towards its underpinning policy objective. The sequence is wrong and must be swiftly corrected. First grant access to foreign companies and then work on bundled products.

We understand that both the Energy Community Regulatory Board[1] and the Energy Community Secretariat[2] have already documented the structural difficulties of applying bundling obligations at IPs, and that a bundling-related derogation has already been requested by MEKH for the HU-RS IPs until 2027 on comparable grounds. We submit that **the same, and in some respects more acute, difficulties apply at the HU-UA border, and that a postponement needs to be considered**. **At minimum, the authorities should allow single-sided nomination of the awarded bundled capacities to allow continued use of the capacities and gas trade at the respective borders.**

This assessment is based on the following four reasons:

1. **Bundling will not achieve its intended purpose at this IP**
   Bundled capacity products were designed to increase liquidity at VTPs and to discourage trading at the physical border. This objective cannot currently be met:

   - UA-based shippers cannot legally hold capacity or trade at the HU or PL VTPs;
   - EU shippers cannot make effective use of the UA VTP because access requires entry under UA's import regime, triggering customs formalities and 20% VAT. Non-resident, non-VAT-registered traders have no mechanism to recover this VAT, making bundled capacity into UA commercially unviable.

   As a direct consequence, the Ukrainian TSO would also need to allow shippers to convert or unbundle the bundled product in order for it to be usable at all — which defeats the purpose of mandatory bundling.

2. **The bundle-then-unbundle logic is self-defeating and creates a false impression of liquidity**
   Aside from the futility of bundling and then unbundling, it is also **incompatible with Article 19(8) of CAM NC**, which provides that capacity originally allocated as bundled capacity may only be resold as bundled capacity on the secondary market.

[1] ECRB, February 2026, "Report on capacity bundling".
[2] EnC, August 2024, "SEEGAS presentation on Article 70 derogations".

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3. **The VAT treatment penalises EU shippers active in the UA gas market**
   As described above, an EU registered (non-UA) shipper already registered with UA's TSO is currently required to pay 20% UA VAT, without any option of recovering that amount. Mandatory bundled capacity would effectively require a broader group of EU shippers to participate in the UA entry/exit regime, extending this irrecoverable cost without delivering the liquidity benefits that bundling is intended to create.

4. **Meaningful bundling necessitates the reform of the UA VAT framework**
   Mandatory bundling can only become commercially viable once UA reforms its tax framework to allow non-resident traders to access the UA VTP and book capacity without incurring irrecoverable VAT. Until then, mandatory bundling risks discouraging cross-border trade rather than facilitating it.

In light of these reasons, we respectfully request that MEKH considers postponement of **the introduction of mandatory bundled capacity products** at the HU-UA IPs and **seek an extension of the Article 70 derogation under Regulation (EU) 2024/1789**. **Alternatively, single-sided nomination of the bundled product should be allowed for continued use of the interconnectors in question.** We also encourage MEKH to initiate, together with the UA regulatory authority, a joint market consultation on the practical and commercial implications of mandatory bundling at EU/third-country interconnection points before any final decision is taken.

Energy Traders Europe and its members remain available to provide further information and would welcome the opportunity to discuss these issues with MEKH at your earliest convenience.

Yours sincerely,

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