LETTER

Pawel Lont
Chair of the Gas Committee
Energy Traders Europe
Avenue des Arts 44
1000 Brussels

Mr. Yuriy Vlasenko
Chairman
Gas Market Regulation Department
National Energy and Utilities Regulatory Commission of Ukraine (NEURC)

Subject: Request for postponement of mandatory bundled capacity at the PL-UA, HU-UA and SK-UA interconnection point(s) and the launching of a joint consultation

14 July 2026

Dear Mr Vlasenko,

Energy Traders Europe represents wholesale energy trading companies active across the EU and the Energy Community, including Ukraine. Our members are active – directly or through Ukrainian counterparties – at the interconnection points between Ukraine and the EU. We are writing, in parallel with a letter sent today to other regulatory authorities in the region, to draw NEURC's attention to our concerns regarding the introduction of mandatory bundled capacity products at the PL-UA, HU-UA and SK-UA interconnection point(s), on which the relevant TSOs must take a decision by 5 August 2026 pursuant to Article 70 of Regulation (EU) 2024/1789.

While we support Ukraine's efforts to align 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 PL-UA, HU-UA or the SK-UA IPs now would be premature and counterproductive**.

The rationale behind bundle capacity products is to increase liquidity at hubs. Considering existing barriers to entering the Ukrainian gas market for non-Ukrainian 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 note 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 bundling-related derogation have been granted to some Member States on comparable grounds. We submit therefore that **the same, and in some respects more acute, difficulties apply at the PL-UA, HU-UA and SK-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 cannot deliver its intended liquidity benefits under current market conditions**
   Bundled capacity is intended to allow a shipper to hold matched entry and exit capacity across an IP, reducing the need to trade at the physical border and increasing liquidity at adjacent VTPs. At the PL-UA, HU-UA and the SK-UA IPs, however, this objective is undermined on both sides: Ukrainian-resident shippers cannot, in practice, obtain the licences required to trade at the PL, HU, SK or PL VTPs, while EU-resident shippers can only access the UA VTP under Ukraine's import regime, which requires customs clearance and payment of 20% VAT. A non-resident, non-VAT-registered EU trader has no mechanism to recover this VAT, making routine use of VTP UA commercially unattractive, regardless of the capacity product used to access it.

2. **Mandatory bundling followed by unbundling is counterproductive**
   We understand that, in practice, EU shippers would need Ukrtransgaz to unbundle the capacity in order to use it. This appears difficult to reconcile with the logic of Art. 19 of the CAM NC, including Art. 19(8), which provides that bundled capacity allocated on the primary market may only be resold as bundled capacity on the secondary market. Moreover, requiring bundled capacity to be immediately converted back into unbundled capacity generates additional cost and complexity without increasing liquidity at either the PL, HU, SK or UA VTP.

---

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

In these circumstances, requesting a derogation to maintain the current unbundled regime – until the underlying barriers have been addressed – would appear more effective.

3. **Non-recoverable VAT discourages EU participation in the UA market**
   As mentioned above, an EU registered (non-Ukrainian) shipper already registered with Ukrtransgaz is required to pay 20% UA VAT on capacity bookings with no option of recovery. In this context, extending mandatory bundling to the IP, without addressing the underlying VAT treatment, would extend this cost to a wider group of EU shippers and, in our assessment, reduce their willingness to engage with the UA market.

4. **Reform of the VAT and customs framework should precede mandatory bundling**
   We consider that bundled capacity would only become commercially meaningful once international traders can book capacity and access the UA VTP without incurring irrecoverable VAT. We would therefore welcome the opportunity to discuss, with NEURC and the Ukrainian Ministry of Finance where relevant, what changes to the tax code would be needed to remove this barrier, and on what timeline they might realistically be implemented.

In light of the above, Energy Traders Europe respectfully asks NEURC to:

- Consider a postponement of mandatory bundled capacity at the PL-UA, HU-UA and SK-UA IPs until the market-access and taxation issues described above have been addressed;

- Prioritise the works on addressing the market-access and taxation issues described above that collectively inhibit the benefits that capacity bundling at IPs with the EU could bring. Until then, mandatory bundling should either ensure allowing single-sided nominations of the capacities or be postponed;

- Join URE, MEKH and URSO in a coordinated market consultation on the practical and commercial implications of bundling at EU-third-country IPs before any final decision is taken; and

- Use the outcome of that consultation to assess whether reforms to UA's VAT and customs framework are needed to ensure that bundled capacity can deliver its intended liquidity benefits.

LETTER

Energy Traders Europe and its members firmly believe that intensified works aimed at opening the Ukrainian gas market to companies active on the broader EU gas market should be made a priority to maximize the benefits of capacity bundling. We remain available to provide further information and would welcome the opportunity to discuss these issues with NEURC at your earliest convenience.

Yours sincerely,

Pawel Lont
Chair of the Gas Committee
p.lont@energytraderseurope.org