CONSULTATION RESPONSE

Slovak Tariffs: Problems Identified in 2025 Remain Unaddressed

Brussels, 28 August 2026 – *Energy Traders Europe* welcomes URSO's decision No 0040/2026/P, issued on 13 April 2026, which declined to accept the transmission tariff levels proposed by Eustream in October 2025. As set out in our reply to Eustream's consultation, Energy Traders Europe identified significant problems with that proposal. We therefore welcome URSO's decision to apply the tariff methodology approved in June 2024 for the tariff period from 1 January 2025 to 31 December 2027.

Against this background, Eustream launched a new consultation on amended tariffs on 30 June 2026, in which itself describes the new proposal as "substantively consistent" with its previous consultation and tariff proposal. **In our view, therefore, the new proposal fails to address the problems identified in our November 2025 consultation response and remains insufficient**. Below, we reiterate our main concerns and outline proposals to improve tariff setting in Slovakia more generally. We have already shared these proposals with URSO and remain open to a more detailed discussion with Eustream.

Key messages

1. **Energy Traders Europe welcomes URSO's decision No 0040/2026/P.** Not allowing the proposal for a change in transmission tariffs to go ahead was the correct decision.
2. **Amending transmission tariffs within a tariff period and after annual auctions is not in line with NC TAR**.
   Although Article 12(3)(b) of NC TAR permits tariff adjustments in exceptional circumstances, Eustream has not sufficiently explained why developments already identified as a risk in 2024 justify another revision during the current tariff period. Repeated revisions undermine confidence in the Slovak methodology and risk further discouraging long-term bookings.
3. **Eustream has not demonstrated that the proposed application of benchmarking is in line with NC TAR.**

The consultation does not identify the specific competing points or routes on which the benchmarking adjustment is based and does not explain clearly how the final reference prices were calculated.

4. **Both the tariff consultation and adjustment should have taken place well before the annual transport capacity auctions for gas year 2026/2027.**
   The consultation was launched on 30 June 2026, only six days before the annual transport capacity auctions began on 6 July. As the consultation had not been completed and the proposed tariffs remained indicative at the time of the auctions, market participants could not take them into account with sufficient certainty.

Detailed comments

A. Tariff changes at short notice are not in line with NC TAR and undermine Eustream's ability to compete for transit flows

Although the 2024 tariff methodology consultation document warned of a potential need to revise the tariffs, we note that **the current consultation, like the previous one, was launched late** – only six days before the annual transport capacity auctions for gas year 2026/2027. Eustream justifies this proposal by reference to Article 12(3)(b) of NC TAR, which allows adjustments based on exceptional circumstances. The consultation does not sufficiently explain why these developments constitute exceptional circumstances per se justifying another tariff revision at this stage.

Moreover, the timing meant that **the proposed tariffs remained indicative when the annual auctions took place**. Market participants were therefore unable to take the proposed 2027 tariffs sufficiently into account when making their annual booking decisions. While we appreciate that Eustream is now required to submit its tariff proposal annually by 31 August, this deadline is too late to provide market participants with certainty before the annual transport capacity auctions. We therefore ask Eustream and URSO to ensure that future tariff proposals are consulted on and determined sufficiently far in advance of those auctions via a consistent timeline.

Changes introduced at such short notice also have a disruptive effect on the attractiveness of the Slovak transmission system, particularly for cross-border trade. They discourage capacity bookings, not only for transport but also storages, and may undermine the TSO's financial position rather than reinforce it, especially over the longer term.

The scale of the proposed increase reinforces these concerns. For most entry and exit points, Eustream proposes an increase from €401.50 in 2026 to €620.50 in 2027 – approximately 54.5%. **Changes of such a magnitude require particularly strong justification, transparency and adequate notice**.

B. Eustream has not demonstrated that the proposed benchmarking is in line with NC TAR, and its effect on cost recovery remains unclear

As highlighted in our previous tariff consultation response, benchmarking continues to be applied without a reference to any concrete competing shipping routes. Article 6(4)(a) of NC TAR permits the adjustment of reference prices at a given entry or exit point for competition purposes. However, Eustream provides only an anonymised comparison with a broad range of EU TSOs and does not identify the specific competing points or routes. **The consultation therefore does not provide sufficient information to establish that the proposed benchmarking adjustment is consistent with NC TAR**. The same interpretation can be found in ENTSOG's Implementation Document[1].

The consultation gives a raw reference price of €1,404.85 and final benchmark-adjusted prices of €620.50, or €584.00 at the domestic point. However, it does not explain clearly how the comparator tariffs were selected or how they produce those final values.

We also reiterate that the consultation document does not explain adequately how the benchmarking exercise affects Eustream's ability to recover its costs. In particular, Eustream states that its target revenue of €471.753 million does not include the effect of benchmarking, but does not quantify the revenue expected after benchmarking or explain how any resulting shortfall would be recovered.

[1] https://www.entsog.eu/sites/default/files/2019-10/entsog_TAR_NC_2017_2nd_ed_update_1910_web.pdf

Alternative considerations for tariff setting

As recognised in Eustream's consultation document, **changing flow patterns have had a detrimental effect on revenue recovery.** Combined with declining gas demand and decarbonisation efforts, **this is creating a tariff spiral:** tariffs are increasing as utilisation declines and, without a fundamental change in approach, higher prices risk driving utilisation even lower. To help counter this trend, we propose Eustream do the following:

Short-term measures

- **Consistency in applying the EU NC TAR**: The consistent application of EU rules is the most straightforward way to make the Slovak market accessible to market participants and thereby improve utilisation. Energy Traders Europe has previously raised concerns that the current provisions and principles of NC TAR have not been applied in Slovakia, and we urge Eustream and URSO to address this as a priority.
- **Smooth tariff increases over several years:** Where the difference between forecast and actual revenue is significant, collecting the unrecovered revenue over a 3–5-year period would smooth the inherent volatility. Similarly, gradual changes to the allowed revenue (via the WACC adjustments, major investments, etc.) can improve tariff stability.
- **Limiting year-on-year increases**: A cap would allow tariffs to increase while making those changes more predictable and manageable.
- **Monthly publication of collected revenues**: Monthly publication of Eustream's actual revenue compared to its target would improve transparency and reduce uncertainty over future adjustments. Comparable measures have been introduced in the UK without difficulty and enable market participants to predict future tariffs and assess their exposure more accurately.
- **Improving transparency:** Publishing all assumptions underpinning tariff setting decisions as well as calculation methods for tariff drivers (revenue, capacity, etc.) would improve predictability.

Long-term measures:

- **Using non-CAPM methods to determine allowed revenues**: Where assets are largely depreciated, regulators should place more weight on operating cost recovery, efficiency incentives, or alternative valuation approaches rather than relying mechanically on CAPM alone.
- **Rising cost of maintaining gas networks mainly for security-of-supply purposes**: This is a structural issue at times of significant gas consumption decrease (~ -20% at EU level compared to pre-war situation), that needs to be discussed especially in regards to infrastructure maintenance costs at national and EU level; the role EU-level coordination; and possible cost sharing mechanisms for oversized or underused infrastructure retained primarily for security reasons.
- **Decremental process:** A structured "decremental" process could identify parts of the network that are no longer used or useful and are unlikely to be repurposed.

Energy Traders Europe stands ready to discuss all comments and proposals made in this consultation response.

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