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EFET¹ sees harm for the Polish gas market in lifting the storage obligations only from LNG imports

EFET opposes the proposal to lift storage obligations from LNG imports alone as this benefits only the incumbent and further inhibits the development of competition in the Polish gas market. In particular it does not address the concerns raised by the European Commission in its reasoned opinion and that it has substantially inhibited growth of competition in the wholesale market. EFET continues to call for the removal or redesign of storage obligations to create a level playing field.

Changes made to the Act on Reserves of crude oil, refinery products and natural gas back in 2017 set back a lot of the progress made in Polish gas markets since liberalisation. The design of the revised storage obligations has made the usage of foreign storage facilities commercially non-viable, through forcing shippers to hold firm import capacity solely for fulfilling these requirements. With storage products inside the country being non-flexible and more expensive than in the neighbouring countries, the obligation to hold gas in storage has severely impacted the wholesale market. EFET has repeatedly opposed these requirements and suggested alternative solutions that would protect the competitiveness of the Polish market. The European Commission has also recognised the detrimental impact of the storage obligations on the Polish gas market and has issued its reasoned opinion in November 2019.

As market concentration in gas has returned to high levels, we await the publication of an amended Act that would ensure Poland's compliance with the EU acquis and bring the Polish gas market back on the development path. The implied loosening of the storage obligations through exclusion of LNG imports from calculating the obligatory volumes is in our view far from achieving these goals. Regasification capacity at the Świnoujście terminal is fully booked and the change would benefit only the sole capacity holder, in practice reinforcing the position of the dominant incumbent, rather than strengthening competition. We hope that nearly a year after the Commission issued a reasoned opinion, Polish authorities will offer tangible solutions that would reopen the Polish gas market and for solutions to be consulted with all stakeholders.

In order to make the Polish gas market an integral part of the wider market of the EU, EFET believes that the storage obligations should be lifted altogether or redesigned so that they ensure gas supply security at the necessary level and the related costs are borne by the ultimate beneficiaries. Should the Polish authorities choose to retain the obligation nonetheless, these obligations should be eased through allowing gas to be stored in neighbouring countries while retaining the ability to use the import capacities for commercial purposes as well. This would help to avoid market foreclosure and allow more diverse forms of security to be provided at lower cost.

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.