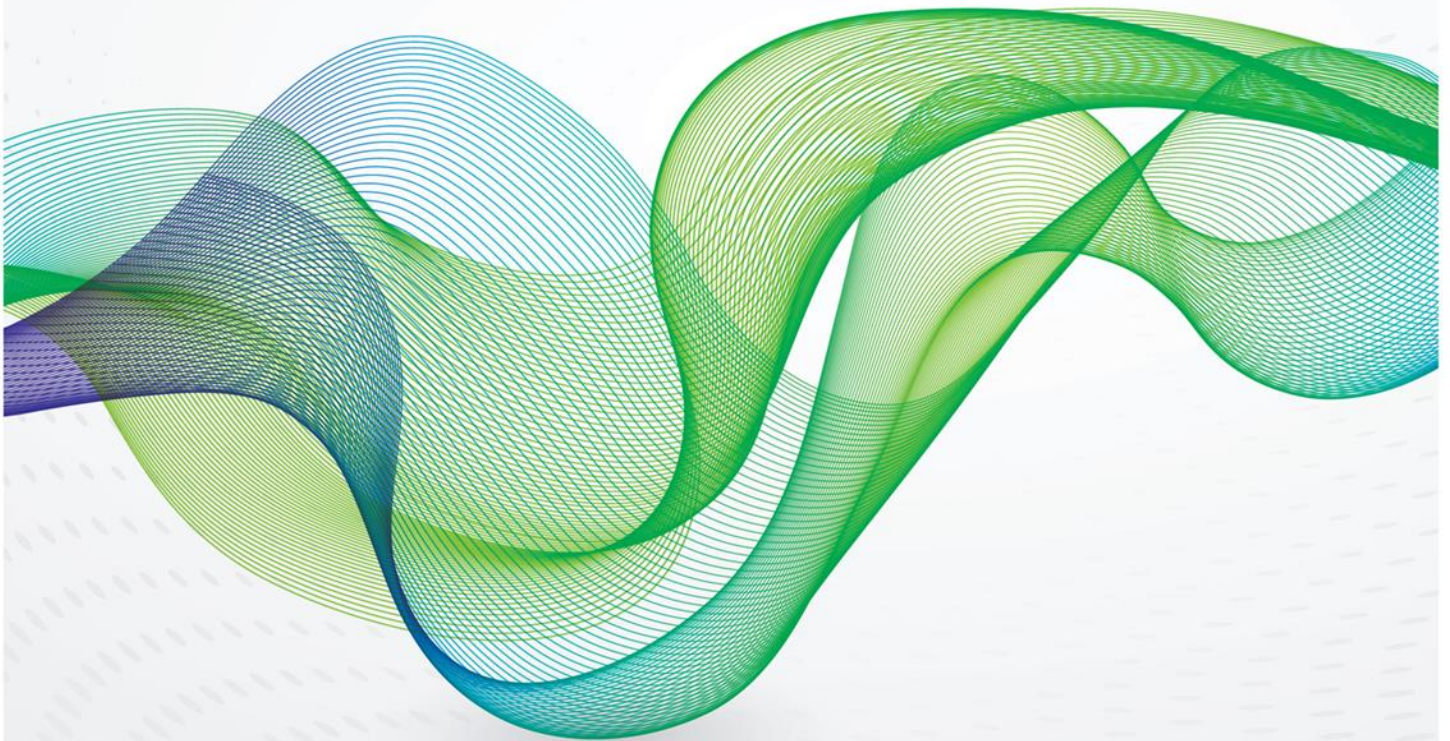


EU Joint Purchasing of Gas – an assessment





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Executive Summary

In the wake of the gas crisis, in March 2022 the European Council called on the Council and the Commission to examine how ‘an aggregator model / single buyer’ could help reduce gas prices. The Council also said that Member States and the Commission would ‘work together on voluntary common purchase of gas, LNG and hydrogen, making optimal use of the collective political and market weight of the European Union and its Member States to dampen prices in negotiations.’ The latter initiative led to the setting up of the EU Energy Platform in April 2022. Further price rises in August 2022 led to the adoption of ‘Council Regulation (EU) 2022/2576 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders setting up a demand aggregation mechanism’ in December 2022.

The Regulation sets up temporary rules to set up a service to enable demand aggregation and joint purchasing of gas. It enables the establishment of a “Temporary service contract” with a service provider to organise demand aggregation and joint purchasing. The service provider aggregates demand of natural gas companies in the EU and seek offers from gas suppliers or producers to match the aggregated demand. All EU gas companies or companies which use gas can participate in the demand aggregation and joint purchasing. They must participate in demand aggregation for a volume equivalent to 15% of Member States’ mandatory storage filling targets, which equates to 13.5 bcm of gas out of total EU demand of approximately 400 bcm in normal times. Companies which participate in the demand aggregation organised by the service provider may jointly purchase gas but must comply with EU competition law. The regulation itself is only valid for one year although the Commission can propose to extend it based on a review it must conduct by 1st October 2023.

The legal framework is only temporary and is clearly meant to address the current gas crisis rather than be a permanent feature. It is limited in what it proposes as it only says that companies ‘may’ jointly purchase gas, and if they do so it must comply with EU competition law. The Regulation neither establishes an EU joint buying mechanism, and nor does it create new rules to make joint purchasing easier.

PRISMA, whose main business is running the platform where EU gas transmission and storage companies auction their capacity, was awarded the tender for the operation of the demand aggregation and joint gas tendering platform in January 2023. The AggregateEU platform is for volume demand and supply matching only – all contract negotiations, including final price and other terms and conditions, take place outside of the platform. Companies choose whether they are a buyer or a seller of gas and place their bid and offer volumes on the platform. PRISMA does not charge a fee for the AggregateEU service. Companies bidding for gas may also use Central Buyers or Agents on Behalf to participate in the mechanism. Delivery for gas offered is either at one of two virtual LNG delivery locations or at 27 virtual trading points on the pipeline system.

The first demand aggregation round took place in May. The second took place in June – July. Announcing the second-round results, Maroš Šefčovič, Vice President of the EU Commission, called for the mechanism to be made permanent and for it to be extended to other commodities such as renewable hydrogen.

It is difficult to analyse the effectiveness of the AggregateEU platform because of the limited information available on the first and second tender processes. Whilst matching of demand and supply volumes took place, information on gas contracted as a result of matching via the platform is scarce. The ultimate test of the EU energy Platform will be if it leads to contracts being signed, and at lower prices than could be achieved if buyers bought gas via existing market mechanisms. Greater transparency on gas supply contracts successfully signed, as well as the costs of the platform would be desirable to see if joint purchasing represented value for money. On 26th July 2023 the Commission launched a tender for a study on the “Design, Development and Implementation of Joint Purchasing Options under EU Energy Platform.” The scope of work includes lessons learned, the mechanisms impact on the market and



security of supply and how the functioning of the joint purchasing mechanism could be adapted if it becomes permanent.

The Commission justifies AggregateEU as ‘a new opportunity to procure gas in addition to existing marketplaces or practices. AggregateEU brings additional value to the market participants with demand aggregation, increased transparency and new forms of cooperation. This could bring particular benefit for, but not limited to, smaller companies or those in landlocked countries, which might benefit from demand aggregation – given the size of their demand or their lack of experience in contracting LNG.’

AggregateEU cannot help companies who lack LNG contracting experience as it does not provide contracting services; this remains the responsibility of the companies themselves. Companies which cannot or do not wish to contract LNG directly are already able to buy gas from companies who do contract for LNG. It is a growing feature of the LNG market that many new LNG production projects, for example in the US, sell their gas to ‘aggregators’ or ‘portfolio players’ who in turn sell the LNG into the EU. The list of companies who buy LNG from producers, including as aggregators, include many active in the EU. It seems unlikely in the extreme that such companies would not actively market their gas to companies in the EU who had previously relied on Russian gas.

Companies are already able to join together to aggregate demand, subject to competition law. Had there been a pressing need for such aggregation, one would expect to have seen such activity before now, without the need for government intervention. Demand aggregation already takes place very effectively on the traded wholesale gas hubs in Europe such as TTF and NBP via brokers, exchanges or Over the Counter markets. Companies can also buy and sell gas on national Virtual Trading Points. There are plenty of companies willing to act as middlemen between smaller gas buyers and the wholesale markets including gas producers, utilities and trading houses.

The argument that AggregateEU benefits companies in landlocked countries fundamentally misunderstands the way the EU internal gas market operates. EU rules on third party access to pipelines, on the allocation of pipeline capacity, and the prevention of hoarding of gas pipeline capacity, ensure that pipeline capacity is used efficiently to move gas from where it lands in the EU to where it is needed. So long as there is sufficient transportation capacity, companies in landlocked countries have equal access to LNG. EU security of supply legislation has ensured increased interconnection between countries.

The proof that landlocked countries were benefitting from ‘access’ to LNG and the competition between pipeline gas and LNG, can be seen in the price convergence between the various Virtual Trading Points (VTPs) across Europe. Had landlocked countries not had ‘access’ to LNG in the way described above and benefitted from aggregation of demand at the TTF one would have expected to see higher prices in such countries. Price differentials since the onset of the gas crisis have been caused by physical constraints as flow patterns have changed. AggregateEU cannot solve these constraints, as AggregateEU neither builds more physical capacity, nor offers preferential access to limited transportation capacity.

It is too early to tell if joint purchasing of gas has been a success due to a lack of information on any gas contacted following matching on the platform. Therefore, it is not possible to tell if buyers have achieved lower prices than they would have done using existing market mechanisms. AggregateEU has succeeded in its limited aim of matching buyers and sellers, and a significant number of market participants have signed up. It is difficult to see how AggregateEU can add much value as the current market framework already enables effective demand aggregation and allows companies which are based in landlocked countries or have limited experience of LNG contracting to access LNG supplies to replace Russian gas flows. Only 20% of the supply matched in the first tender round relates to LNG. This is less than current LNG’s current market share of supply to the EU.

As currently constructed AggregateEU can only have limited impact on the workings of the gas market as it is only a matching service. There is no obligation for joint purchasing of gas if matching occurs on



the platform. It is also only a temporary measure (so far) to address the current gas crisis. It uses the existing gas market architecture, such as VTPs, and does not give companies any exemption from competition rules, so works within the existing regulatory and market framework. AggregateEU can therefore be seen as complementary to the other means of demand aggregation and matching such as the existing traded markets, even if it is not immediately clear what added benefits it brings.

However, there are signs that some in the Commission wish to make the mechanism permanent and extend it. The risk for the natural gas market is that a 'beefed up' mechanism would be detrimental, for example by harming competition between suppliers within the EU. The current liberalised market has worked well - benefitting from competition between LNG and pipeline gas prior to the gas crises, and after the crises quickly attracting LNG supply to replace Russian gas and reducing demand in response to price signals to ensure the market balanced physically. Whilst the added value of the AggregateEU platform is not clear, it has the merit that it is limited in scope and duration and therefore unable to materially harm the internal gas market. This would no longer be the case if, for example, the EU decided to make it more than a matching platform for natural gas, or to require some form of mandatory single buyer. The Commission would need more substantial justification for any upgraded mechanism than that provided for the current arrangements, which are open to question.



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1. Introduction

Since Russia's invasion of Ukraine, and the subsequent gas crisis, the EU has introduced a number of measures in response to record high gas prices. An earlier paper¹ examined some of these proposals and their likely effectiveness. This paper examines the mechanism established for joint purchasing of gas.²

The idea of joint purchasing of natural gas imports in the EU is not new. When the European gas market was being developed in the 1960's through to the 1980's, joint purchasing of natural gas from Norway or Russia was common. This helped provide sufficient demand commitments to enable producers to develop the gas fields, and for both producers and buyers to fund the necessary infrastructure to transport the gas to the buyers. From the late 1990s onwards the EU Commission aimed to liberalise the EU natural gas market, via enforcement of competition law and legislation, and joint purchasing fell out of favour. The idea of joint purchasing of gas was resurrected in 2014 by Donald Tusk, then Prime Minister of Poland. In the wake of Russia's annexation of Crimea, and gas shortages in the EU caused by Russia cutting gas flows to Ukraine, he proposed an energy union,³ based on six principles. The first of these was:

'A mechanism for jointly negotiating energy contracts with Russia. It would be created in stages. Initially, bilateral agreements would be stripped of any secret and market-distorting clauses; then, a template contract would be created for all new gas contracts; finally, the European Commission would be required to take a role in all new negotiations.'⁴

The other principles included solidarity mechanisms whereby member states would come to each other's aid if gas supplies were cut off, and building new infrastructure so that Member States, were no longer so dependent on Russian gas. Part of the motivation for the joint purchasing mechanism was the perceived Russian pricing power for gas as Member States could not source gas from competitors. The proposals for solidarity mechanisms and more gas infrastructure were adopted in the 2017 Security of Supply Regulation.⁵ For example, pipelines connecting countries are required to flow gas in both directions (i.e from West to East as well as the existing East to West) and countries must have sufficient pipeline capacity to cope with the failure of their single biggest supply physical source (the N-1 rule). Both measures have ensured that EU countries have not suffered physical gas shortages since Russia's invasion of Ukraine, by enabling LNG imported in western Europe to flow eastwards, despite a much more severe reduction in supplies than in 2014 (or the previous crisis in 2009.) In addition, the EU provided aid under the Projects of Common Interest programme to help improve interconnections between Member States or to access non-Russian gas supplies. Examples include the Baltconnector between Finland and Estonia, the Baltic Pipe connecting Norway to Poland, and the Klaipeda LNG terminal in Lithuania.

However, the joint purchasing mechanism was not adopted, and the EU continued with its programme of gas market liberalisation. This reduced Gazprom's pricing power in the EU, and Eastern Europe in particular by enabling competition between different sources of gas. The 2018 competition case settlement between Gazprom and the EU Commission also required Gazprom to set prices for long

¹ Barnes (2022) [EU Commission proposal for joint gas purchasing, price caps and collective allocation of gas: an assessment](#). Oxford Institute for Energy Studies

² Research has been based on conversations with several colleagues across the industry as well as desk research. I am very grateful to colleagues for their time and expertise which has helped develop my thinking. However, all the responsibility for the paper and its conclusions are entirely my own.

³ Financial Times. 'A united Europe can end Russia's energy stranglehold.' 21st April 2014.

⁴ Ibid.

⁵ [Regulation \(EU\) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation \(EU\) No 994/2010 \(Text with EEA relevance.\)](#) Note this Regulation has been amended since the Russian invasion of Ukraine in 2023.



term contracts in various eastern Member States based on gas prices in western Europe, if requested by the buyers, as well as other measures designed to improve gas competition in eastern Member States.⁶

Although Gazprom's and Russia's pricing power had been weakened by such measures, it had not been removed completely because of Russia's position as the single biggest supplier of gas to the EU. So long as Gazprom 'played by the rules' and competed to sell gas in the European market with other suppliers, the market worked well. Even when gas demand spiked because of cold weather (the Beast from the East in 2018)⁷ or LNG supplies were diverted to meet China's growing demand for LNG, Gazprom continued to supply gas,⁸ keeping prices within a reasonable range. In 2021 ACER commented that in 2019 'EU hub prices dropped to ten-year lows, with record LNG deliveries together with robust pipeline imports and high underground storage stocks creating a low-pricing environment.'⁹ From the end of 2021 onwards however Russian gas supplies to Europe decreased significantly, first as a result of Gazprom ceasing sales of spot gas to Europe, and then as a result of disruption of supplies of gas under long term contracts. This led to massive and unprecedented increases in gas prices in the EU.

As a result of this there was considerable political pressure for interventions in the EU gas market to cope with the emergency. For example, the European Council, representing Member States, called on the Council and the Commission to examine how 'an aggregator model / single buyer' could help reduce gas prices.¹⁰ The Council also said that Member States and the Commission would 'work together on voluntary common purchase of gas, LNG and hydrogen, making optimal use of the collective political and market weight of the European Union and its Member States to dampen prices in negotiations.'¹¹ The latter initiative led to the setting up of the EU Energy Platform in April 2022.¹²

However, EU gas prices rose even higher in summer 2022, leading to further calls for intervention including a price cap on gas. In response the EU Commission made a proposal for a number of measures including demand aggregation and a price cap mechanism on 18th October 2022.¹³ Progress on this proposal was fraught due mainly to considerable dispute between different Member States and the Commission on how to implement price caps, if at all.¹⁴ However agreement was eventually reached in December 2022, resulting in the passing of a Council Regulation establishing the demand aggregation mechanism.¹⁵ It is this mechanism which is analysed in the remainder of this paper.

⁶ EU Commission. '[Antitrust: Commission imposes binding obligations on Gazprom to enable free flow of gas at competitive prices in Central and Eastern European gas markets.](#)' Press Release 24th May 2018.

⁷ Sharples (2018) [Ukrainian Gas Transit: Still Vital for Russian Gas Supplies to Europe as Other Routes Reach Full Capacity](#). Oxford Institute for Energy Studies.

⁸ See ACER (2019) [ACER Market Monitoring Report 2018 – Gas Wholesale Market Volume](#). 1st October 2019. EU gas prices increased as more LNG went to Asia (paragraph 3), but Gazprom increased its supplies to an 'all-time high of 182 bcm.' Paragraph 59.

⁹ ACER (2021) [ACER Market Monitoring Report 2019 – Gas Wholesale Market Volume](#). 18th March 2021. Page 7.

¹⁰ European Council (2022). [European Council meeting \(24 and 25 March 2022\) – Conclusions](#). Brussels 25th March 2022. Page 5.

¹¹ *Ibid.* Page 7.

¹² EU Commission. [EU Energy Platform](#). Website accessed 28th May 2023.

¹³ EU Commission. [Proposal for a COUNCIL REGULATION Enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks](#). COM/2022/549 Final. 18th October 2022.

¹⁴ For the story of price caps see Barnes (2022) [EU Commission proposal for joint gas purchasing, price caps and collective allocation of gas: an assessment](#). Oxford Institute for Energy Studies and Barnes (2023) [Final agreement on wholesale gas price caps foreshadows future challenges for EU energy policy](#). Article in Key Themes for the Global Energy Economy in 2023. Oxford Institute for Energy Studies, January 2023.

¹⁵ [Council Regulation \(EU\) 2022/2576 of 19th December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders](#).



2. The EU Energy Platform

The EU Energy Platform¹⁶ was established in April 2022. It 'aims at coordinating EU action and negotiations with external upstream suppliers to prevent EU countries from outbidding each other. It can also use the weight of the EU - as one of the biggest consumers of gas in the world - to achieve better conditions for all EU consumers.'¹⁷

As part of the process setting up a joint purchasing mechanism, EU Member States, Energy Community countries,¹⁸ and companies met to provide expertise and advice to the Commission.¹⁹ They were organised into an Ad Hoc Steering Board, Regional Groups and an Industry Advisory Group. The Ad Hoc Steering Board consists of the Commission, all EU countries and the Energy Community Contracting Parties. There are five Regional Groups:

- Southeast Europe: Bulgaria, Greece, Romania, Serbia, North Macedonia, Moldova and Ukraine
- Central and Eastern Europe: Poland, Czechia, Slovakia, Germany, Hungary, Austria, Slovenia, Croatia, Italy, Moldova and Ukraine
- Southwest Europe: France, Spain, Italy and Portugal (Malta and Germany as observers)
- Northwest Europe: France, Belgium, Netherlands, Luxembourg, Germany, Denmark, Sweden and Ireland
- Baltics and Finland: Lithuania, Latvia, Estonia and Finland (Poland as Observer)

The Industry Advisory Group 'is an informal expert group made up of 27 EU companies and 11 observers with experience in buying gas on global markets. It brings to the table non-binding advice and an industrial perspective on demand aggregation and joint purchasing.'²⁰ Current members and observers include several oil and gas companies, power companies, and trade associations.²¹

3. Legal Basis for the EU Energy Platform

The legal basis for joint purchasing of natural gas is set out in "Council Regulation (EU) 2022/2576 of 19th December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders." The main provisions of the regulation regarding joint purchasing are as follows:

- Setting up 'temporary rules' to set up a service to enable demand aggregation and joint purchasing of gas (Article 1)
- Companies which are planning to launch a tender or open negotiations to buy more than 5 TWh/year of gas from third (non-EU) countries must inform the commission and their Member State of the intended supplier of the gas, the volumes and dates. The 'sole purpose' is better coordination, and the Commission may recommend measures to improve the joint purchasing of gas to companies planning to buy gas (Article 3).

¹⁶ EU Commission. [EU Energy Platform](#). Website accessed 28th May 2023.

¹⁷ Ibid.

¹⁸ The Energy Community has nine Contracting Parties - Albania, Bosnia and Herzegovina, Kosovo*, North Macedonia, Georgia, Moldova, Montenegro, Serbia and Ukraine. Source: [Energy Community. Who we are](#). Website accessed 26th May 2023.

¹⁹ EU Commission. [EU Energy Platform. Governance](#). Website accessed 26th May 2023.

²⁰ Ibid.

²¹ EU Commission. [Register of Commission Expert Groups and Other Similar Entities. EU Energy Platform Industry Advisory Group \(E03865\)](#). Website accessed 26th May 2023.



- The establishment of an Ad hoc Steering Board “to facilitate the coordination of demand aggregation and joint purchasing.” The Commission will consult the Ad hoc Steering Board before issuing recommendations to companies planning to buy more than 5 TWh/y of gas and inform the Ad hoc Steering Board of the impact of joint purchasing on EU security of supply. (Article 4).
- Establishment of a “Temporary service contract” with a service provider to organise demand aggregation and joint purchasing. (Article 5).
- The service provider must be based in the EU and cannot be subject to sanctions related to Russia’s invasion of Ukraine or owned or controlled by the Russian government or Russian companies. The service provider must have experience of cross border transactions, and its selection will be based on its experience of running auction processes for natural gas and its experience of developing IT tools to aggregate demand and match it with supply. However, it cannot be owned or controlled by a natural gas company (to avoid conflicts of interest). (Article 6).
- Once selected the service provider will aggregate demand of natural gas companies in the EU and seek offers from gas suppliers or producers to match the aggregated demand. The service provider will also allocate the offered gas supply to the companies whose demand was aggregated “taking into account a proportionate distribution between smaller and larger participants of offered gas volumes among the natural gas undertakings and undertakings consuming gas participating in aggregating demand.” If there is not enough offered supply to match demand, the gas will be allocated proportionate to the demand. (Article 7).
- All EU gas companies or companies which use gas can participate in the demand aggregation and joint purchasing. Member States can also provide ‘liquidity support’ to participating companies so long as it is in line with EU State aid rules. (Article 8). Companies which sell gas in the EU or which consume gas must participate in demand aggregation for a volume equivalent to 15% of Member States’ mandatory storage filling targets,²² which equates to 13.5 bcm of gas out of total EU demand of approximately 400 bcm in normal times.
- Companies subject to sanctions related to Russia’s invasion of Ukraine or owned or controlled by the Russian government or Russian companies cannot participate in the demand aggregation or joint purchasing. Nor can such companies benefit from the joint purchasing programme. Russian gas cannot be bought by joint purchasing including at the various entry points into the EU or Ukraine. These points are listed in the Regulation. (Articles 8 and 9).
- Companies which participate in the demand aggregation organised by the service provider may jointly purchase gas. They “may, on a transparent basis, coordinate elements of the conditions of the purchase contract or use joint purchase contracts in order to achieve better conditions with their suppliers, provided they comply with . . . Union competition law, in particular Articles 101 and 102 TFEU.” (Article 11).
- Regulation (EU) 2022/2576 is valid for one year, although the Commission can propose to extend it based on a review it must conduct by 1st October 2023.

²² These are listed in Articles 6a, 6c and 20 of Regulation (EU)2017/1938.



There are several key aspects to note from the legal framework enabling demand aggregation and joint purchasing:

- It is only temporary and is clearly meant to address the current gas crisis rather than be a permanent feature. Both the main text (e.g. wording in Article 1) and the limited validity of the Regulation make this clear. However, it leaves open the door for an extension. There is a constituency which will push for such an extension, particularly if gas prices move higher in winter 2023/24. For example, Vice President of the EU Commission, Maros Šefčovič, explicitly called for the mechanism to be made permanent in July 2023.²³ At the same time the review deadline of 1st October 2023 is possibly too soon to gauge the full impact of the Regulation.²⁴ Therefore, any decision to extend may be as much political as based on market fundamentals.
- The Regulation is limited in what it proposes. Whilst it requires participation in the demand aggregation for limited volumes related to storage obligations, it only says that companies ‘may’ jointly purchase gas, and if they do so it must comply with EU competition law. This appears to be merely a restatement of the status quo as there is nothing to prevent EU gas companies from jointly purchasing gas already – so long as it is compliant with EU competition law. The Regulation neither establishes an EU joint buying mechanism, as originally proposed by Donald Tusk in 2014, and nor does it create new rules to make joint purchasing easier.
- The above notwithstanding, there is potential for a major change in the way that EU gas markets operate because of the role of the service provider in allocating any supplier offers it receives to those wanting gas under the demand aggregation mechanism. The Commission has issued a tender for a study on the joint purchasing mechanism which includes explicit reference to looking at ways in which the mechanism could be improved to further contribute to security of supply and affordability of gas, or extended to other commodities such as renewable hydrogen, biomethane or natural gas from supply chains with lower methane emissions.²⁵ Implementation of a permanent joint purchasing mechanism, could, depending on the design, be seen as a move away from the basis for EU gas market policy for the last 30 years. This has been to create a competitive market where supply and demand balance using the price mechanism. The limited supplies that the EU has received since the start of the crisis have been allocated on the basis of price which has meant that prices have risen dramatically but the market has balanced efficiently. For example, there is strong evidence that many industrial users have been able to cut their demand for gas without impacting output, which means gas prices are lower than they would otherwise have been.²⁶ By contrast the Regulation proposes that the service provider allocates gas on an administrative basis if aggregated demand exceeds supply offers. For this to be an improvement over the current mechanism, there would need to be clear evidence of market failure in the last 18 months in terms of the balancing of supply and demand.
- The terms governing how the service provider will allocate gas are high level. The consequences of this depend on how and whether the service provider ends up allocating gas. This is not clear because the service provider receives offers but it is not clear in the text if it is involved in contracting for the gas. Assuming it is not²⁷ it is not clear how a system where one

²³ European Commission. [EU Energy Platform: EU's second joint gas purchasing round enables another positive matchmaking between European companies and gas suppliers](#). 13th July 2023.

²⁴ The Commission has launched a tender for a study of the mechanism but this is not due to be completed until the middle of 2024. See Section on the Effectiveness of the AggregateEU mechanism below.

²⁵ European Commission Ted-eTendering Platform. [Tender reference number ENER/2023/OP/0053](#). Design, Development and Implementation of Joint Purchasing Options under EU Energy Platform.

²⁶ See Honore, A (2023) ‘[European gas demand fundamentals. H1 2023 review and short-term outlook](#).’ Oxford Institute for Energy Studies.

²⁷ It is made clear on the Energy Platform website that it is not involved in contracting for gas. See following sections for more details.



party (the service provider) allocates the gas, but other parties, either jointly or independently contract for the gas. For example, a company may decide, after discussions with the supplier, that the terms of the contract the supplier offers is unacceptable for the volume proposed. Would the now unwanted volume be reallocated, and how would this process work given the number of companies who might find themselves in a similar position, thereby requiring an iterative reallocation process? Moreover, the greater the role of the service provider the more companies and Member States will want to have influence on its contract.

- There is relatively little oversight of the Commission's role in establishing the terms and conditions for the contract for the demand aggregation service provider. The role of the Ad hoc Steering Group is limited and relatively vague. Given the limited scope of the regulation (see points above) this is probably of limited consequence, but if the joint purchasing aspects were to be strengthened, or the regulation to become permanent, then this may raise tensions between the Commission and Member States. The latter have joint decision making on energy matters and have traditionally been wary of the Commission extending its role at their expense.
- The prohibition of the service provider being owned by gas companies limits the number of companies with expertise in the EU gas market who can apply for the role. Again, this may be less of an issue if the mechanism remains limited to demand aggregation but would become more so if there was an attempt to extend the regulation to a mandatory joint purchasing platform.

The above analysis of the legal framework shows that it raises several questions. Some of these have now been answered by the launch of AggregateEU platform by PRISMA and the first tender for joint purchasing. For example, we know that gas is allocated on a pro rata basis, and that the AggregateEU platform is very limited in its role as it is only a matching service. It is up to companies to sign commercial contracts and also to ensure that any joint purchasing is compliant with EU competition rules. This underlines that point that much depends on the contract between the service provider (currently PRISMA) and the Commission, and the way service provider designs the joint purchasing mechanism. This is less of a problem if joint purchasing remains a temporary measure but may become more of an issue if it becomes permanent.

4. AggregateEU

PRISMA, whose main business is running the platform where EU gas transmission and storage companies auction their capacity, was awarded the tender for the operation of the demand aggregation and joint gas tendering platform in January 2023.²⁸ In the ensuing months PRISMA developed the platform for the demand aggregation and tendering. The platform is called AggregateEU and is web-based. The details of the mechanism are outlined in the following sections.

4.1 Subscription to AggregateEU

Companies which already have a PRISMA account can subscribe for AggregateEU as an additional service.²⁹ Many companies which buy or sell gas on wholesale markets will already have a PRISMA account as it is the main platform for the sale of pipeline capacity in the EU, covering most of the cross-border points, and also covering storage sites as well. Companies without a PRISMA account need to register for one. Companies choose whether they are a buyer or a seller of gas. Companies can register

²⁸ PRISMA press release: "[PRISMA will operate AggregateEU. PRISMA has been awarded the tender for the operation of the demand aggregation and gas tendering platform of the EU.](#)" 30th January 2023.

²⁹ PRISMA. [How to Subscribe to the AggregateEU Service?](#) Website accessed 26th May 2023.



for both but cannot be both a buyer and a seller in the same tender. PRISMA does not charge a fee for the AggregateEU service.³⁰

4.2 Financial Instruments

When registering, companies are invited to supply details of Financial Instruments to provide evidence to potential counterparties of their creditworthiness. However, any commercial agreements between counterparties are made outside of the AggregateEU process, so the provision of such information is to facilitate discussions but is not binding. The platform lists several options including:³¹

Guarantee options:

- Standby letter of credit (SBLC) issued by a first-class public or private financial institution (or other form of first demand bank guarantees).
- Guarantee issued by a parent company with an investment grade credit rating (i.e. at least BBB-/Baa3 or equivalent).
- Collateral over cash or cash equivalent.
- Collateral over other types of debt securities.
- Credit support annex to be signed by the parties.

Financing options:

- Letter of credit issued by a first-class public or private financial institution.
- Prepayment (including by drawing on credit lines provided by one or several first-class public or private financial institution).

Others

- Transfer of the transaction to a clearing house and/or a broker.
- Currently in discussions with financial institutions.

4.3 Phases of a tender³²

There are six phases which are undertaken by the AggregateEU platform, and a further two which are the responsibility of the companies which decide to proceed with commercial negotiations. AggregateEU does not perform the latter two phases. The six phases undertaken by the AggregateEU are:

1. Demand Collection: buyers submit their demands for specific locations and periods of time. Only one demand is allowed per location unless the buyer is the leader of a consortium. Demands must be submitted two months in advance for up to twelve months.
2. Demand Evaluation: any potential abuses of the process are removed from demand aggregation.
3. Demand Aggregation: a Demand Aggregation Information Sheet is published. Companies decide whether to proceed to the tendering and matching phases.

³⁰ EU Commission. [AggregateEU - questions and answers. Overview of the tendering process.](#) Website accessed 26th May 2023.

³¹ PRISMA. [What Are Financial Instruments?](#) Website accessed 26th May 2023.

³² PRISMA. [What Are the Phases of a Tender Process on AggregateEU?](#) Website accessed 26th May 2023.



4. Offer Submission: based on the aggregated demand, tenders will be created and published to buyers and sellers. Sellers submit supply offers with their indicative prices at different locations. A company cannot act as a buyer and a seller in the same tender.
5. Offer Matching: demands are matched to offers on a pro-rata basis irrespective of the expiration date of the indicative price.
6. Matching Publication: Results of the matching process are published to buyers and sellers including (1) gas amount, (2) average price and (3) relevant contact data of buyers and sellers.

Following a match companies negotiate the commercial terms directly, without any involvement of AggregateEU or the EU Commission. If they conclude a contract, they must register it on the AggregateEU platform.

4.4 Tender submissions³³

During the Demand Collection Phase companies bidding for gas must specify:

- The type of gas they wish to buy – LNG or pipeline gas.
- The location where they wish to buy gas (see Delivery locations below).
- The gas quantity, month and year. Gas can be bought up to two months in advance and for a maximum of twelve months.
- The minimum quantity of gas than can be bid is 300GWh for LNG and 5 GWh for pipeline gas (NBP – see delivery locations below).³⁴

Bidders also can withdraw³⁵ or edit³⁶ their submissions during the Demand Collection Phase. Companies which cannot meet the minimum bid requirement can use a Central Buyer to act for them. They can also use Agents on Behalf to help with logistics. Companies offering to sell gas do so once the demand has been aggregated at the various delivery points. They are required to indicate the quantity of gas in MWh, the price in €/kWh, and the date until which the offer is valid.³⁷ As with the submission of bids, companies offering gas can withdraw³⁸ or edit their sales offers³⁹ during the Offer Submission phase. Sellers can offer less gas than the total demand for a tender, resulting in a pro-rata allocation.

4.5 Agent on Behalf and Central Buyers

In advance of the first tender round in April 2023, PRISMA launched a Request for Expression of Interest in Offering “Agent on Behalf” and “Central Buyers” Services.⁴⁰ PRISMA stated that it expected that some participants in AggregateEU would have ‘limited or no experience’⁴¹ in arranging various logistic activities such as:

³³ PRISMA. [How to Submit Your Demand in a Tender?](#) Website accessed 26th May 2023.

³⁴ PRISMA. [AggregateEU](#). Website accessed 26th May 2023.

³⁵ PRISMA [How to Withdraw Your Demand from the Demand Aggregation Sheet?](#) Website accessed 26th May 2023.

³⁶ PRISMA [How to Edit Your Demand During the Demand Collection Phase?](#) Website accessed 26th May 2023.

³⁷ PRISMA [How to Submit a Sale Offer in a Tender?](#) Website accessed 26th May 2023.

³⁸ PRISMA [How to Withdraw a Sale Offer from a Tender?](#) Website accessed 26th May 2023.

³⁹ PRISMA [How to Edit Your Sale Offer in a Tender?](#) Website accessed 26th May 2023

⁴⁰ PRISMA. [Requests for Expression of Interest in Offering “Agent on Behalf” and “Central Buyers” Services](#). Website accessed 26th May 2023.

⁴¹ Ibid.



- regasification of LNG purchased FOB,
- profiling large, delivered quantities of LNG into monthly baseload products,
- transporting gas to where it is needed including across several market areas,
- ensuring storage of gas.

It therefore asked for companies which might be willing to provide these services. In addition, PRISMA said that it expected there would be companies interested in participating in the tender process for volumes less than the minimum thresholds of 300 GWh for LNG or 5 GWh of pipeline gas. PRISMA offered the opportunity for Central Buyers to act on behalf of such companies, essentially acting as an aggregator on their behalf.

Central Buyers 'will perform all the necessary activities on behalf of the companies that subscribe for this service to purchase natural gas via AggregateEU including:

- registration on PRISMA European Capacity Platform,
- subscription to AggregateEU, including the registration of the information about the companies for which the Central Buyers is buying the gas,
- submission of the aggregated demand, according to the needs of the companies for which the Central Buyers is buying the gas,
- negotiation of the contract with the potential sellers and signing of contracts.⁴²

Companies offering services as an Agent on Behalf or Central Buyer must observe the Cooperation Framework principles.⁴³ Key features are:

- 'Commercially sensitive information should only be exchanged bilaterally between the companies offering the services and their individual customers, and **this bilateral exchange should be limited to what is necessary** for the purposes of negotiating and implementing the respective agreements.'⁴⁴ (Emphasis in original).
- 'If the companies offering the service as Agent-On-Behalf and Central Buyer are operating in the same market as one of its customers, they need to make sure that **access to commercially sensitive information** obtained from its customers for the purposes of carrying out its functions **limited to staff dedicated to this function**, and that such information is not shared with other staff within the company.'⁴⁵ (Emphasis in original).
- The companies offering the services of Central Buyer should pass on the benefits deriving from the negotiation of the aggregated demand. Therefore, the Central Buyer should **not derive rents on the commodity of gas** procured through AggregateEU vis-à-vis buyers in its group. The Central Buyer could earn rent for ancillary services.⁴⁶ (Emphasis in original).

As stated in the documentation accompanying the Regulation, the Commission again offers 'to assist interested companies through informal guidance, including a guidance letter under the Commission Notice on informal guidance relating to novel or unresolved questions concerning Articles 101 and 102 of the Treaty on the Functioning of the European Union that arise in individual cases (guidance letters)

⁴² PRISMA. [Requests for Expression of Interest in Offering "Agent on Behalf" and "Central Buyers" Services](#). Website accessed 26th May 2023.

⁴³ PRISMA [Cooperation Framework Principles](#). Website accessed 26th May 2023.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.



2022/C 381/07 and based on a reasoned request pursuant to paragraphs 10 to 12 of the mentioned Notice.¹⁴⁷

The notice explains that the main duty of the Commission is the effective enforcement of competition rules. Companies are 'generally well placed to assess the legality of their actions in such a way as to enable them to take an informed decision on whether to go ahead with an agreement or unilateral practice and in what form.'¹⁴⁸ The notice explains that companies are not entitled to guidance, but the Commission may provide informal guidance on 'novel or unresolved questions'¹⁴⁹ regarding competition rules. The notice then sets out the conditions under which companies can seek guidance. PRISMA provides a list of companies offering Agent on Behalf or Central Buyer Services, the countries in which they operate, and their contact details.¹⁵⁰

4.6 Delivery Locations

Companies also specify their preferred delivery locations. There are two types of delivery locations, LNG and NBP. There are two EU Virtual LNG delivery locations for the delivery of Liquefied Natural Gas (LNG) cargoes (see Appendix 1 for LNG delivery Locations). For pipeline gas AggregateEU lists 27 different locations, labelled NBP (see Appendix 2). According to AggregateEU 'NBP stands for National Balancing Point. According to the NBP model, gas located anywhere within the national transmission system of a country counts as NBP gas. This model, therefore, simplifies trade by bringing buyers and sellers together. On AggregateEU, you can participate in NBP Tenders by submitting your gas demands as buyers or responding to those demands as a seller at several NBP locations. These locations function as Virtual Trading Points (VTPs) which you can choose when submitting or responding to a demand.'¹⁵¹ Although companies list their preferred locations, it is the companies' responsibility to book the necessary capacity to the NBP delivery points, or for delivery of LNG at the terminals. The platform simply indicates where companies would like to provide or take delivery of gas.

4.7 Offer matching

Offer matching is achieved via an algorithm. There are five 'governing principles underpinning the matching algorithm:

- Every tender is independent;
- The matching is non-discriminatory towards potential buyers – i.e. every potential buyer shall be treated equally and have the same quality of matching (i.e. equal access to best prices);
- The algorithm shall minimise the costs of the potential buyers bidding in one tender;
- The sellers' offers will be ranked from the lowest to the highest price; (and)
- In case of over-demand or over-supply, the pro-rata mechanism will be applied.¹⁵²

Note that the matching of sellers with bidders is not binding. After matching companies negotiate outside the AggregateEU platform.

⁴⁷ Ibid.

⁴⁸ EU Commission (2022). [Commission Notice on informal guidance relating to novel or unresolved questions concerning Articles 101 and 102 of the Treaty on the Functioning of the European Union that arise in individual cases \(guidance letters\). \(2022/C 381/07\)](#) 4th October 2022. Paragraph 3.

⁴⁹ Ibid. Paragraph 4.

⁵⁰ PRISMA [List of Agents-on-Behalf and Central Buyers](#). Website accessed 26th May 2023.

⁵¹ PRISMA. [What is NBP?](#) Website accessed 26th May 2023.

⁵² EU Commission. [AggregateEU - questions and answers. Matching and tendering](#). Website accessed 26th May 2023.



4.8 Contracting

Companies will be required to complete all the commercial aspects of any deal outside of the AggregateEU platform. Buyers will be required to notify the EU Commission of the potential conclusion of any contract above 5 TWh per year under Article 3 of Regulation (EU) 2022/2576.^{53 54} Information must be shared with the Commission at least six weeks before the conclusion of any contracts or at least two weeks before the conclusion if the negotiation period is shorter.

4.9 First demand aggregation and tendering round timetable⁵⁵

The first demand aggregation and tendering round was launched on 25th April 2023.⁵⁶ The process lasted for 15 days. Companies were invited to place bids for the months of June 2023 up to and including May 2024. Companies entered their demand between 09.00 CEST on 25th April and 18.00 CEST on 2nd May. AggregateEU processed demand between 3rd and 8th May, and published Demand Aggregation Information Sheets at 09.00 on 9th May. Tender publication and offer submission took place between 09.00 CEST on 10th May and 18.00 CEST on 15th May. Demand matching took place on 16th May and results were published to participants at 12.00 CEST on 17th May.

4.10 First demand aggregation and tendering round results

PRISMA has not announced the results of the first tender round on its website at time of writing. However, Maroš Šefčovič, Vice President of the EU Commission and one of the driving forces behind the joint purchasing initiative, was quick to announce the 'positive reaction from the market.'⁵⁷ More than 110 companies had subscribed to the mechanism.⁵⁸ Aggregated demand totalled 11.6 bcm, and supply bids totalled 13.4 bcm. Twenty-five suppliers had made offers. The AggregateEU platform had matched 10.9 bcm of bids with supply offers. Of the 10.9 bcm, LNG represented 2.2 bcm and pipeline gas 8.7 bcm.⁵⁹ Delivery points include both the LNG delivery points and 18 out of 21 of the virtual trading points included in the mechanism.

Šefčovič noted that: "The matching in the most vulnerable countries is particularly positive. For instance, the gas deliveries requested by Bulgaria have been fully matched. In Ukraine and Moldova, 100% and 80% of the volumes requested have been matched, respectively."⁶⁰ From the Commission's perspective the results of the first round were a great success: 'AggregateEU has become a new, dynamic marketplace for buyers and sellers of gas in Europe.'⁶¹ However it was acknowledged that the contractual negotiations were a matter for the companies concerned and takes place 'outside of the Aggregate EU mechanism – without any involvement by the Commission or Prisma. The Commission has played its role as aggregator and matchmaker, and now it is for the respective parties to conclude their agreements.'⁶²

⁵³ EU Commission. [AggregateEU - questions and answers. Transparency.](#) Website accessed 26th May 2023.

⁵⁴ Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders.

⁵⁵ PRISMA. [What is the timeline of the Tendering Round 1?](#) Website accessed 26th May 2023.

⁵⁶ PRISMA press release: "PRISMA launches AggregateEU. The first demand aggregation and tendering round of AggregateEU will be launched on April 25, 2023. It will help the European Union to jointly purchase gas and keep the prices down." 17th April 2023.

⁵⁷ European Commission: [Remarks by Vice-President Šefčovič on the results of the first joint EU gas purchasing tender.](#) 16th May 2023.

⁵⁸ Ibid.

⁵⁹ European Commission Daily News: [EU Energy Platform: EU attracted over 13.4 bcm of gas in first joint gas purchasing tender.](#) 16th May 2023.

⁶⁰ European Commission: [Remarks by Vice-President Šefčovič on the results of the first joint EU gas purchasing tender.](#) 16th May 2023.

⁶¹ Ibid.

⁶² Ibid.



4.11 Second demand aggregation and tendering round results

Following the perceived success of the first round of demand aggregation and tendering, a second round was announced by Šefčovič on 9th June 2023.⁶³ After chairing a meeting of the Energy Platform Steering Board he said that the first contracts from the first round had already been signed, and he expected more to follow.⁶⁴

The second round started on 26th June and concluded on 12th July.⁶⁵ The results were announced on 13th July.⁶⁶ Aggregated demand was 15.92 bcm whilst “25 reliable international suppliers”⁶⁷ offered 15.19bcm. According to a Factsheet⁶⁸ published alongside the press release 150 companies in total were subscribed to the mechanism, an increase of 40 since the first-round results were announced. Total matched volume was 12 bcm, 1.1 bcm more than the first round. The press notice said that participants had been informed of the matching results and would be able “to start contractual negotiations, in full confidentiality and outside of the AggregateEU mechanism.”⁶⁹

The press release said that further rounds were expected after the summer. Šefčovič also used the occasion to signal the move to make the mechanism permanent and to extend it to other commodities:

“The positive results of this second call shows that there is a need and a clear added-value in joining forces, pooling our demand and working together to guarantee stable and affordable gas supplies to the EU market. *It is now important to ensure that a model that works can be a model that stays.* I believe that we should now work towards not only continuing our joint purchasing of gas, but also *expanding this model to other commodities, including renewable gases, hydrogen and strategic raw materials.*”⁷⁰ (*Emphasis added*).

4.12 Third demand aggregation and tendering round

On 23rd August 2023 PRISMA announced a third round to be held covering demand and supply between November 2023 and March 2025 inclusive. The third round is due to start on 21st September 2023 and conclude on 6th October 2023.⁷¹

⁶³ European Commission: [Remarks by Vice-President Šefčovič on the next steps for the joint EU purchasing of gas](#), 9th June 2023.

⁶⁴ Ibid.

⁶⁵ Source: [AggregateEU. What is the timeline of the Tendering Round 2?](#) Website accessed 22nd August 2023. The timetable for the second round was as follows: Deadline for subscribing to AggregateEU - 21st June. Entering of demand - 09.00 CEST 26th June to 18.00 CEST 3rd July. Processing of demand - 09.00 CEST 4th July to 18.00 CEST 5th July. Publication of info sheets and review – 09.00 CEST 6th July. Tender publication and bidding – 09.00 CEST 7th July to 18.00 CEST 10th July. Matching & confirmation matched positions – 09.00 CEST 11th July to 10.00 CEST 12th July. Publication of matching results 12.00 CEST 12th July.

⁶⁶ European Commission. [EU Energy Platform: EU's second joint gas purchasing round enables another positive matchmaking between European companies and gas suppliers](#), 13th July 2023.

⁶⁷ Ibid.

⁶⁸ European Commission. [EU Energy Platform. Joint gas purchasing to increase energy security for Europe](#). Website accessed 22nd August 2023.

⁶⁹ European Commission. [EU Energy Platform: EU's second joint gas purchasing round enables another positive matchmaking between European companies and gas suppliers](#), 13th July 2023.

⁷⁰ Ibid.

⁷¹ AggregateEU Updates Email.



5. Analysis

There are four ways to analyse the EU's joint purchasing mechanism:

- The effectiveness of the AggregateEU platform
- Does the joint purchasing mechanism add anything to the existing EU gas market framework? For example, does it address market failures?
- Does the joint purchasing mechanism create competition problems?

5.1 Effectiveness of the AggregateEU platform

It is difficult to analyse the AggregateEU platform in depth because of the limited information available on the first and second tender processes. The only information available is via the press releases from the Commission. On that basis, the mechanism appears to have worked as it has successfully matched 10.9 bcm of bids with offers of supply in the first round and 12 bcm in the second round. Additionally the platform has attracted 25 “reliable international suppliers” and 150 different companies are registered to use the platform. Some contracts have been signed. On this basis companies clearly see some value in the Aggregate platform as it is currently constructed as they have taken the time and trouble to participate.

However it is not possible at this early stage to judge the value for money of AggregateEU. Information on gas actually contracted as a result of matching via the platform is scarce. Although it has been announced that some contracts have been signed as a result of the first tender, there is no information on the volumes, durations or the price. The ultimate test of the EU energy Platform will be if it leads to contracts being signed, and at lower prices than could be achieved if buyers bought gas via existing market mechanisms. It should be noted that all companies who have been matched via AggregateEU will still have to undertake all the normal procedures associated with large commercial contracts, for example negotiating precise terms and conditions in legal binding contracts, due diligence and putting in place the operational and logistical measures to deliver the gas successfully to the agreed destination. It is also very clear from the announcements by the Commission that contractual negotiations are outside the platform. It is notable how Commission makes a point of saying this in the press announcements and the use of the description of the process as “matchmaking.” This somewhat contradicts the narrative that AggregateEU is joint *purchasing* of gas. In fact the Commission's own statements make it clear that AggregateEU is only a matching platform.

It is also not clear how much the EU Commission is paying PRISMA for the platform, which is provided free of charge to participants. A search of the EU Commission website which lists tenders for the provision of services to the Commission does not reveal anything.⁷² The original proposal puts the total estimated commitments at €13.818m over the years 2022 to 2027 inclusive.⁷³ However, this includes expenditure on calculating LNG benchmarks by ACER and other measures, so it is not clear how much can be attributed to the joint purchasing platform.

Greater transparency on gas supply contracts successfully signed, as well as the costs of the platform would be desirable to see if joint purchasing represented value for money. Alternatively charging those using the platform for the service would enable market participants to judge if the platform was a better service than existing market alternatives. It should be noted that, unlike most legislative proposals, no

⁷² The author used search terms including joint gas purchasing, AggregateEU, Energy Platform and Council Regulation (EU) 2022/2576 to search for past tenders on [Calls for tender - European Commission](#). No results of past tenders for the service were found.

⁷³ EU Commission. [Proposal for a COUNCIL REGULATION Enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks](#), 18th October 2022. Legislative Financial Statement. Section 3.2.1. TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework.



stakeholder consultation was undertaken on the desirability of the proposals 'due to the politically sensitive nature of the proposal and urgency to prepare the proposal.'⁷⁴

The Commission has signalled its intent to analyse the effectiveness of the initiative and to learn lessons from it. On 26th July it launched a tender for a study on the "Design, Development and Implementation of Joint Purchasing Options under EU Energy Platform."⁷⁵

The scope of the study is described as follows:

"The scope of the study is to analyse the work of the EU Energy Platform, the lessons learned, its impact on the market and security of supply and how the functioning of the joint purchasing mechanism (JPM) could be adapted if it becomes a more permanent instrument. The study will also analyse the future possible uses of the JPM for example for (but not limited to) renewable hydrogen or natural gas originating from supply chains with low methane emissions and how this could be organised. In particular, it will cover the various ways of organisation of companies to take part in JPM, including different kinds of consortia or cooperative arrangements and considering the risks and existing legal and market frameworks."

As well as analysing the current mechanism and its impact on the gas prices, the gas market and security of supply, the scope echoes Šefčovič's calls to make the mechanism permanent and to extend it to other commodities such as renewable hydrogen (including potential alignment with the Hydrogen Bank), natural gas from supply chains with low methane emissions and biomethane. The Commission also wants to understand the cooperation arrangements used by companies under the platform, such as the central buyer and agent on behalf models, and possible other arrangements that could be introduced in future. The Commission expects to sign contracts in December 2023 and for the study to take a maximum of 7 months, indicating a potential publication date in July 2024.

5.2 Justification for Joint Purchasing

The EU Commission justifies AggregateEU as follows:

'What are the benefits of purchasing gas through AggregateEU? Isn't it just another trading hub?'

AggregateEU offers a new opportunity to procure gas in addition to existing market places or practices. AggregateEU brings additional value to the market participants with demand aggregation, increased transparency and new forms of cooperation. This could bring particular benefit for, but not limited to, smaller companies or those in landlocked countries, which might benefit from demand aggregation – given the size of their demand or their lack of experience in contracting LNG.

Further, AggregateEU will enable demand aggregation by individual companies or by groups of companies. This will also facilitate the establishment of cooperation models such as central buyers and agents/shippers on behalf (for more details see the section on Consortia).

These are the elements and the added value that distinguish AggregateEU from existing services.⁷⁶

The question is therefore how much the Commission's claims in the last paragraph are justified.

⁷⁴ Ibid. Explanatory Memorandum. Stakeholder Consultations.

⁷⁵ European Commission Ted-eTendering Platform. [Tender reference number ENER/2023/OP/0053](#).

⁷⁶ EU Commission. [AggregateEU – questions and answers](#). Website accessed 26th May 2023.



5.2.1 Lack of experience in contracting LNG

AggregateEU cannot help companies in this regard as it does not provide contracting services; this remains the responsibility of the companies themselves. So simply participating in AggregateEU tenders does not help companies who lack LNG contracting experience.

Companies which cannot or do not wish to contract LNG directly are already able to buy gas from companies who do contract for LNG. It is a growing feature of the LNG market that many new LNG production projects, for example in the US, sell their gas to ‘aggregators’ or ‘portfolio players’ who in turn sell the LNG on a cargo or part cargo basis into markets worldwide, including the EU.⁷⁷ These sales may be on a short term or longer terms basis. The LNG which the aggregators buy from the LNG producer do not necessarily have a specified destination. Aggregators perform the classic role of ‘middleman’ or ‘wholesaler’ seen in many markets, whereby a company buys from a producer in large quantities and then sells to ‘retail’ customer in smaller quantities. This has enabled a much wider range of countries to benefit from LNG supply without the need to sign the large volume, long term contracts which LNG projects usually require to obtain financing. The LNG market is now much more diverse with multiple producers, aggregators, and end buyers which has also created a more liquid traded market. LNG cargoes, including those associated with more traditional long term LNG contracts, are frequently directed from their original destination to other markets willing to pay more. The EU itself has benefitted from this as it has responded to the reduction in Russian gas supplies.⁷⁸

The list of companies who buy LNG from producers, including as aggregators, include many active in the EU. It seems unlikely in the extreme that such companies would not actively market their gas to companies in the EU who had previously relied on Russian gas. Such companies also have the expertise to book regasification capacity in the EU, and the necessary expertise to book pipeline capacity to transport the gas to the companies looking for LNG supply. It therefore is not at all clear how AggregateEU adds anything to existing market arrangements. Additionally, companies do not need to contract to buy LNG in order to benefit from LNG supply to the EU gas market. (See following section).

5.2.2 AggregateEU will enable demand aggregation

The EU Commission claims that AggregateEU will enable demand aggregation by individual companies or by groups of companies. Subject to competition law, there is nothing stopping companies from joining together to aggregate demand. Had there been a pressing need for such aggregation, one would expect to have seen such activity before now, without the need for government intervention. It is notable that PRISMA itself was created in response to market demand for an easy way for the pipeline network users to book capacity via auctions on one platform rather than have to do so via separate sites for each Transmission System Operator.⁷⁹ It is clear that the market is quite capable of developing solutions to meet its needs without government intervention.

One reason why there may not have been pressure for a mechanism such as AggregateEU is that demand aggregation already takes place very effectively on the traded wholesale gas hubs in Europe. The principle traded hubs are the National Balancing Point (NBP) in the UK and the Title Transfer Facility in the Netherlands. In both locations numerous gas buyers and sellers trade gas via exchanges

⁷⁷ The [International Group of Liquefied Natural Gas Importers \(GIIGNL\)](#) publishes annual reports which track the development of the LNG industry including contracts and sales of LNG to different destinations.

⁷⁸ For more information on how the EU gas market has benefitted from additional LNG supplies see Oxford Institute for Energy Studies [Quarterly Gas Reviews](#), and the various reports by Mike Fulwood and Jack Sharples. Also the [ACER Gas Wholesale Market Monitoring Reports](#) show how the EU has benefitted from access to flexible LNG in recent years, including since the Russian invasion of Ukraine.

⁷⁹ Under the [Capacity Allocation Mechanism \(CAM\) Network Code](#), Transmission System Operators are required to auction capacity on a frequent basis and for different tenors for entry and exit capacity on their system. [PRISMA](#) offers a ‘seamless’ transport and storage booking system covering over 42 infrastructure operators and over 1700 network points in 19 connected markets.



such as ICE⁸⁰ and EEX⁸¹, and over the counter (OTC) via brokers⁸² and other platforms⁸³ and directly between themselves. The volume of liquidity of trading at both hubs⁸⁴ enables efficient price discovery so that companies participating in trading at the hubs benefit from the demand aggregation that takes place at the hubs. Products include spot gas, futures and forwards and options. Companies can trade at the exchanges easily, subject to the usual credit requirements, and in relatively small volumes. Even if companies choose not to trade themselves the prices for traded gas are widely published enabling companies to negotiate effectively with their suppliers. There are plenty of companies willing to act as middlemen between smaller gas buyers and the wholesale markets including gas producers, utilities and trading houses.

Companies also have the opportunity to trade at local hubs – the entry-exit system required by EU legislation means that each market area has a Virtual Trading Point (VTP) through which all gas in that area passes contractually. Other VTPs are much smaller than the TTF so tend to track the TTF price since the much more liquid TTF is more representative of the overall gas supply-demand balance in the EU. However local VTPs will reflect local supply and demand conditions. If there are transportation capacity constraints between the local market and other markets, prices in the local market will rise relative to other markets until supply and demand balance at a new price level. However, this is a problem of lack of sufficient transportation capacity, not demand aggregation.

Prior to the current gas crisis, the EU was seen as a sufficiently big and liquid market that LNG suppliers could easily sell ‘spare’ cargoes into the market without moving the market and thereby incurring additional prices risk. As ACER reports have shown over the years European gas consumers benefitted from effective competition between pipeline gas from various suppliers and LNG. For example, ACER stated in 2021, commenting on calendar year 2019, that: ‘Global surplus LNG supply found a market of last resort in Europe, attracted by ample regasification and storage capacity and gas hub’s rising liquidity. . . EU hub prices dropped to ten-year lows, with record LNG deliveries together with robust pipeline imports and high underground storage stocks creating a low-pricing environment.’⁸⁵

The only factor which has changed is that there has been a significant fall in Russian pipeline gas supplies to the EU, which indicates that the problem of high prices is caused by a supply shortfall, not from any inability of companies to benefit from demand aggregation. The other factor driving higher prices has been infrastructure constraints within the EU. This is addressed in the next section.

5.2.3 Aggregate EU benefits companies in landlocked countries

This argument assumes that simply because an EU Member State does not have a coastline, or if it does but does not have an LNG terminal, companies cannot access LNG supplies. This fundamentally misunderstands the way the EU internal gas market operates. Following the Third Gas Directive of 2009,⁸⁶ and associated legislation such as the Gas Regulation⁸⁷ and the Network Codes,⁸⁸ the EU now

⁸⁰ See [ICE Natural Gas](#)

⁸¹ See [EEX Markets Natural Gas](#)

⁸² For example EEX provides a [list of brokers](#).

⁸³ For example [Trayport](#).

⁸⁴ TTF trading volumes are about 10 times total EU 27 annual gas demand, whilst trading at the NBP is roughly equivalent to EU 27 gas demand, despite the UK demand being much less than EU 27 demand. See [ACER Gas Wholesale Market Monitoring Report 2021](#). Figure 3 and Figure 38. The UK is relevant because it has plentiful LNG regas capacity and therefore has been a delivery point for LNG which is then transported into continental Europe. LNG supplied to the UK also enables more Norwegian gas to supply continental Europe rather than the UK.

⁸⁵ ACER (2021) [ACER Market Monitoring Report 2019 – Gas Wholesale Market Volume](#). 18th March 2021. Page 7.

⁸⁶ [Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC \(Text with EEA relevance\)](#)

⁸⁷ [Regulation \(EC\) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation \(EC\) No 1775/2005 \(Text with EEA relevance\)](#)

⁸⁸ See ENTSOG [Network Codes and Guidelines](#). Website accessed 28th May 2023.



benefits from an integrated gas market, well connected internally by pipelines. EU rules on third party access to pipelines, on the allocation of pipeline capacity, and the prevention of hoarding of gas pipeline capacity, ensure that pipeline capacity is used efficiently to move gas from where it lands in the EU to where it is needed. So long as there is sufficient transportation capacity, companies in landlocked countries have equal access to LNG. They will have to pay for the gas to be transported to them, reflecting the costs of the gas network. But gas network costs are regulated so the companies will be paying a fair price for gas transportation from LNG terminals to point of delivery.

Moreover, EU legislation designed to bolster EU security of supply has long required that pipelines connecting countries are able to flow gas in both directions (even if this is not normally needed) and that countries have sufficient pipeline capacity to cope with the failure of their single biggest supply physical source (the N-1 rule). This means that the EU has benefitted from a more interconnected and flexible network than previously was the case. The differences have been particularly relevant for eastern European countries which have been traditionally supplied with Russian gas. When the pipelines which supplied eastern Europe and then went on to supply western Europe were built, it was considered uneconomic to make them bi-directional as the physical flow of gas was always going to be from East to West. The N-1 rule has also benefitted eastern European countries as the physical supply source was Russia, even if entry exit rules enabled other gas suppliers to sell gas commercially into those countries.⁸⁹

The proof that landlocked countries were benefitting from 'access' to LNG and the competition between pipeline gas and LNG, can be seen in the price convergence between the various VTPs across Europe. Had landlocked countries not had 'access' to LNG in the way described above and benefitted from aggregation of demand at the TTF (see section *AggregateEU will enable demand aggregation* above) one would have expected to see higher prices in such countries. Instead, ACER Wholesale Gas Market Monitoring reports over the years have noted increasing price convergence and correlation between TTF and other VTPs.

However, the reduction in Russian gas supplies from the end of 2021 onwards has meant the EU has had to import much more LNG than usual, and physical gas flows within the EU network have had to change dramatically. This in turn has put pressure on transportation capacity between the markets where LNG is imported and the markets that need to replace Russian gas flows. In turn these transportation constraints have meant prices in markets downstream of the constraints have risen relative to markets upstream of the constraint. For example, the UK NBP has traded at a discount because it has been able to receive more LNG than can be transported to continental Europe via the Interconnector and BBL pipelines, which are operating at full capacity. Analysis by ACER⁹⁰ and Mike Fulwood⁹¹ of the Oxford Institute for Energy Studies demonstrate that price differentials have been a function of physical transportation constraints. AggregateEU cannot solve these constraints, as AggregateEU neither builds more physical capacity, nor offers preferential access to limited transportation capacity. Hence AggregateEU will not benefit companies in landlocked countries any more than they already benefit from the integrated nature of the EU internal gas market.

⁸⁹ Entry exit rules effectively allow companies to 'swap' gas but without having to reach agreement between themselves. Network operators determine the most efficient physical flows on the various systems so that customers receive the gas their suppliers have sold them. However, because natural gas is homogenous, it meant that prior to the war in Ukraine, Russian molecules could be supplying a Norwegian supplier's customer in Slovakia, whilst Norwegian molecules could be supplying a Russian supplier's customer in Belgium. Since the war in Ukraine the entry exit model still works but physical flow patterns have changed dramatically with more gas now flowing from West to East as LNG is imported into Northwest Europe to replace Russian gas.

⁹⁰ European Union Agency for the Cooperation of Energy Regulators (2022) [Gas Wholesale Market Monitoring Report 2021](#), July 2022.

⁹¹ Fulwood, M. (2022) [Europe's Infrastructure and Supply Crisis](#), Oxford Institute for Energy Studies. September 2022.



5.2.4 The Covid vaccine justification

One argument that has been used in favour of joint buying is the EU's experience of joint purchase of Covid-19 vaccines.⁹² This argument is erroneous as it fails to consider the very different markets for Covid-19 vaccines (or vaccines in general) and natural gas in the EU. There was already a working market for gas in the EU – when supply fell relative to demand, prices went up and attracted supply from different sources. There was not a market for Covid 19 vaccines yet – the disease was new and pharmaceutical companies faced considerable risk if they invested in research and development for a vaccine which, even it worked, might not receive sufficient orders from governments to recoup investment. The important dual role of governments in vaccines (as funders of research and as buyers of vaccines) is very different from the EU gas market (or other energy markets) which does not depend on government involvement in the same way.⁹³ Without government support it is doubtful that companies would have developed Covid 19 vaccines as quickly as they did. By contrast the EU gas market had already responded effectively to the drop in Russian gas supplies by time the first AggregateEU tender had taken place.

5.3 Competition law concerns

The Commission is clearly concerned that the joint purchasing platform may contravene EU competition law. There are several references to the need for companies to perform their own legal assessment and that any contractual arrangements must be compliant with competition rules. Moreover, whilst the Commission makes it clear that it is willing to help companies ensure compliance with competition rules, for example via informal guidance, the Commission is unable to grant any type of derogation or exemption from competition rules. There is also clear guidance that companies must be careful on how they share information.⁹⁴ This is familiar territory for any company which attends trade association meetings where the obligation to avoid sharing commercially sensitive information is constantly highlighted to avoid breaching competition rules.

The reason for the caution can be explained by the inclusion of joint purchasing in the Commission Guidelines Communication from the Commission: Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements. 2023/C 259/01.⁹⁵ The following section looks at how joint purchasing arrangements may be viewed by the Commission considering its guidelines. It is not a formal competition law analysis but looks at the areas that may require further analysis by companies and the Commission to see if contracts are compliant with competition rules.

The Commission guidelines provide a framework for companies to assess if proposed joint purchasing arrangements might raise competition concerns but are not a substitute for a case-by-case analysis. This raises the first hurdle for potential joint purchasing arrangements, namely the time required to ensure they are compliant with EU Competition law. The more contentious the arrangements the greater the likelihood they may be rejected or that they will require modification. This in turn will feed back into the need to revise the commercial agreements.

The Commission recognises that joint purchasing can bring benefits, but these must be weighed against potential adverse impacts on competition. As noted in the section above the Commission has outlined examples of how joint purchasing may bring benefits, for example to smaller companies or those without

⁹² See for example the Financial Times. 'EU plans more joint purchasing after success of common gas scheme.' 22nd May 2023. "The aim of the gas platform is to co-ordinate demand in the hope that contracting bigger volumes will push down prices, as the bloc did for vaccines during the Covid-19 pandemic."

⁹³ See McDonnell and Toxvaerd (2021) [How Does the Market for Vaccines Work?](#) Center for Global Development.

⁹⁴ See PRISMA [Cooperation Framework Principles](#). Website accessed 26th May 2023.

⁹⁵ Purchasing agreements are covered in Section 4 of the Communication from the Commission: Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements. 2023/C 259/01. 21st July 2023.



access to LNG terminals. (See previous section for analysis of these arguments.) The Guidelines notes how joint purchasing can lead to lower prices, allow smaller companies to obtain better purchasing terms and thereby be more competitive with strong competitors, or that joint purchasing may be done to prevent shortages.⁹⁶

The Commission highlights that two markets may be affected by joint purchasing arrangements: the market directly affected by the arrangement, and the market downstream into which the joint purchasing companies sell their gas. In this case the directly affected market will be the wholesale purchase and sale of gas, but downstream markets could include the retail market, selling to end consumers. Much will depend on the definition of the relevant markets which is defined using a methodology described in the Market Definition Notice.⁹⁷ For example, the EU wholesale gas market may be considered to be EU-wide or regional (e.g. North West Europe), but retail markets could be more tightly defined e.g. on a national basis. The level of competition in retail markets varies across the EU and thus retail markets could be impacted differently by the joint purchasing. The main competition concerns are:

- Joint purchasing restricting competition on the purchasing market or downstream markets.
- Reduction in incentives for price competition on the selling market.
- Significant buying power forcing suppliers to reduce the range or quality of products they supply.
- Using buying power to foreclose competing purchasers by limiting their access to efficient suppliers.

Companies may use the defence of Article 101(3) that the joint purchasing agreement can be pro-competitive, for example by leading to efficiency gains, and that customers share in the resulting benefits. Qualitative efficiencies can benefit consumers by “*reducing dependencies and avoiding shortages* through more resilient supply chains and *contributing to a more resilient internal market*, for example, *through joint purchases of medicines or energy.*” (*Emphasis added*).⁹⁸

The Commission notes that ‘joint purchasing arrangements are less likely to give rise to competition concerns when the members do not have market power on the relevant selling market or markets.’⁹⁹ The Guidelines also state that ‘in most cases it is unlikely that market power exists if the members of the joint purchasing arrangement have a combined market share not exceeding 15 % on the relevant purchasing market(s) as well as a combined market share not exceeding 15 % on the relevant selling market(s).’¹⁰⁰ This is also referenced in the original Commission proposal for the joint purchasing arrangements.

Based on assessments of competition in EU gas markets by ACER,¹⁰¹ it seems unlikely that contracts concluded as a result of matching via AggregateEU will face competition law problems on the purchasing markets. However, it may be a different case for the selling markets, depending on how the relevant market is defined, the level of competition within that market, and the share of the joint purchasing contracts of that retail market’s supply. As noted, retail market competition varies, and in smaller markets, joint purchasing could represent a larger share. It is not possible to assess this however as there is no detail on any agreements that have been signed, and the granularity of

⁹⁶ [Communication from the Commission: Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements. 2023/C 259/01. Paragraph 275.](#)

⁹⁷ This is in the process of being updated. [Review of the Commission Notice on the definition of relevant market for the purposes of Community competition law.](#) Website accessed 22nd August 2023.

⁹⁸ [Communication from the Commission: Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements. 2023/C 259/01. Paragraph 305.](#)

⁹⁹ *Ibid.* Paragraph 286.

¹⁰⁰ [Communication from the Commission: Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements. 2023/C 259/01. Paragraph 291.](#)

¹⁰¹ See [ACER Gas Market Monitoring Reports.](#)



information required on the matching process so far is insufficient. For example, we know that 100% of Bulgaria's bids were matched but we do not know how much this was for, or who the contracting parties were.

6. Conclusions

It is too early to tell if joint purchasing of gas has been a success, briefings by the Commission and headlines in the Financial Times¹⁰² notwithstanding. The reason is that there is virtually no information publicly available on any contracts which have been signed. Therefore, it is not possible to tell if buyers have achieved lower prices than they would have done using existing market mechanisms. The proposed study on Design, Development and Implementation of Joint Purchasing Options under EU Energy Platform should shed some more light on the situation but it will be dependent on the study's authors having sufficient access to commercially sensitive information such as the gas contracts signed.

AggregateEU has succeeded in its limited aim of matching buyers and sellers, and a significant number of market participants have signed up. It should be noted that this is a low-cost option as there is no charge for the service. The only (small) cost is the time taken to sign up to the platform. Subsequent costs in agreeing contracts would have been incurred anyway, although it will be interesting to see how companies do this and whether they use existing contractual mechanisms.

This paper argues that it is difficult to see how AggregateEU can add much value as the current market framework already enables effective demand aggregation and allows companies which are based in landlocked countries or have limited experience of LNG contracting to access LNG supplies to replace Russian gas flows. Moreover, it is interesting to note that only 20% of the supply matched in the first tender round relates to LNG. This is less than current LNG's current market share of supply to the EU.

ACER, which monitors the European gas market, has not identified any major market failures of the sort that AggregateEU is supposedly designed to address. On the contrary it concluded that the market was working well prior to the current gas crisis, and that the gas crisis is caused by a shortfall in supply in a tight global LNG market, and physical infrastructure constraints within the EU. Joint purchasing of gas cannot solve these problems.

Nonetheless AggregateEU may provide some value as an 'economic experiment.' If companies are unable to contract gas successfully at lower prices than they could via the existing mechanism it would help show that the existing market framework was working well. As currently constructed AggregateEU can only have limited impact on the workings of the gas market as it is only a matching service. There is no obligation for joint purchasing of gas if matching occurs on the platform. It is also only a temporary measure (so far) to address the current gas crisis. It uses the existing gas market architecture, such as VTPs, and does not give companies any exemption from competition rules, so works within the existing regulatory and market framework. AggregateEU can therefore be seen as complementary to the other means of demand aggregation and matching such as the existing traded markets, even if it is not immediately clear what added benefits it brings. If there is evidence that more market participants have been brought together than otherwise would have been the case, or that buyers were able to buy gas at a lower price than through existing mechanisms, then AggregateEU will have created benefits for EU gas consumers, assuming the costs savings are passed on. Again, the proposed study on joint purchasing options should shed further light on how the mechanism has worked, and any benefits for gas markets and security of supply.

However, there are signs that some in the Commission wish to go further than the current set up. Vice President Šefčovič has called for the mechanism to be made permanent, and for it to be extended. The proposed study will also examine ways in which the mechanism could be extended. The risk for the

¹⁰² Financial Times. 'EU plans more joint purchasing after success of common gas scheme.' 22nd May 2023.



natural gas market is that a ‘beefed up’ mechanism, would be detrimental, for example by harming competition between suppliers within the EU. As noted above joint purchasing used to be common in gas markets but fell out of favour as the Commission moved to a liberalised gas market model. This model has worked well in good times – when the EU was the balancing market for LNG and therefore benefitted from competition between LNG and pipeline gas, and in the bad times during the current gas crisis when the EU was able to quickly attract LNG supply to replace Russian gas, and reduced demand in response to price signals to ensure the market balanced physically. Whilst the added value of the AggregateEU platform is not clear, it has the merit that it is limited in scope and duration and therefore unable to materially harm the internal gas market. This would no longer be the case if, for example, the EU decided to make it more than a matching platform for natural gas, or to require some form of mandatory single buyer as originally proposed by Donald Tusk in 2014. At the very least the Commission would need more substantial justification for any upgraded mechanism than that provided for the current arrangements, which, as shown above, are open to question.



Appendix 1: EU Virtual LNG delivery locations for the delivery of Liquefied Natural Gas (LNG) cargoes

The North-West Europe Virtual LNG region consists of the following terminals:

Figure 1. North-West Europe Virtual LNG

Country	Company	LNG Terminal
Belgium	Fluxys LNG	Zeebrugge LNG Terminal
Finland / Estonia	Gasgrid Finland	Floating LNG Terminal Finland Oy
France	Elengy	Montoir de Bretagne LNG Terminal
France	Dunkerque LNG	Dunkerque LNG Terminal
Germany	Deutsche Energy Terminal	Wilhelmshaven LNG Terminal 1 (FSRU)
Germany	Deutsche Energy Terminal	Wilhelmshaven Terminal 2 (FSRU)
Germany	Deutsche Energy Terminal	Brunsbüttel Terminal (FSRU)
Germany	Deutsche Energy Terminal	German Baltic See LNG-Terminal
Germany	Deutsche Energy Terminal	Stade LNG-Terminal
Lithuania	Klaipėdos Nafta	FSRU Independence
Netherlands	EemsEnergy Terminal	EemsEnergy LNG Terminal
Netherlands	Gate terminal	Rotterdam Gate Terminal
Poland	GAZ-SYSTEM S.A.	Świnoujście LNG Terminal
Spain	BBG	Bilbao LNG Terminal
Spain	Reganosa	Mugaridos LNG Terminal

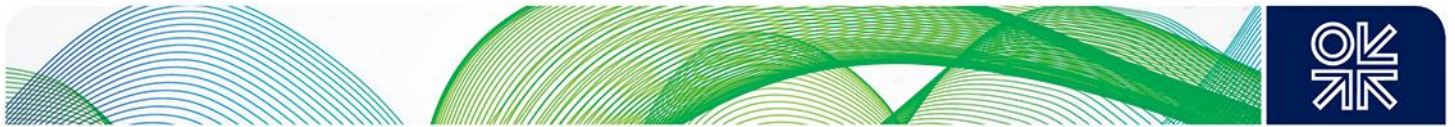
Source: [Aggregate EU](#)

The South Europe Virtual LNG region consists of the following terminals:

Figure 2. South Europe Virtual LNG

Country	Company	LNG Terminal
Croatia	LNG Croatia	Krk LNG Terminal (FSRU)
France	Elengy	Fos Tonkin LNG Terminal
France	FOSMAX LNG	Fos Cavaou LNG Terminal
Greece	DESFA	Revythoussa LNG Terminal
Italy	GNL Italia	Panigaglia LNG Terminal
Italy	OLT Offshore LNG Toscana	FSRU OLT Offshore LNG Toscana
Italy	Adriatic LNG	Rovigo LNG Terminal
Portugal	REN Atlântico	Sines LNG Terminal
Spain	Enagás Transporte	Barcelona LNG Terminal
Spain	Enagás Transporte	Cartagena LNG Terminal
Spain	Enagás Transporte	Huelva LNG Terminal
Spain	Saggas	Sagunto LNG Terminal
Spain	All spanish terminals	TVB (Virtual balancing LNG tank)

Source: [Aggregate EU](#)



Appendix 2: NBP Locations

Name	Description
AT VTP - CEGH Virtual Trading Point	Austrian Balancing Zone
BELUX - ZTP Zeebrugge	Belgian and Luxembourg Balancing Zone
BG VTP	Balancing Zone Bulgaria
CZ VTP - VOB	Czech Balancing Zone
DE THE - Trading Hub Europe	German Balancing Zone THE
ETF - Joint Balancing Zone between Denmark and Sweden	Joint Balancing Zone between Denmark and Sweden
Common Balancing Zone of Estonia and Latvia	Common Balancing Zone of Estonia and Latvia
ES VTP - PVB Punto de Balance Virtual	Spanish Balancing Zone
FI VTP	Finnish Balancing Zone
PEG TRF - Trading Region France	Trading Region France
GR VTP	Greek Balancing Zone
HR VTP	Croatian Balancing Zone
HU VTP - MGP Hungarian Virtual Trading Point	Hungarian Balancing Zone
IE VTP	Irish Balancing Point
ITA PSV - Punto Scambio Virtuale	Punto Scambio Virtuale
LT VTP	Lithuanian balancing zone
MD VTP	Moldovan Balancing Zone
MK VTP	North Macedonia Balancing Zone
NL VTP - TTF Title Transfer Facility	Dutch Balancing zone
PL VTP	Polish High-methane gas Balancing zone
PT VTP	Portuguese Balancing Zone
RO VTP	Romanian National Transmission System Balancing Zone
RS VTP	Serbian Balancing Zone
SI VTP	Slovenian Balancing Zone
SK VTP	Slovakian Balancing Zone
UA VTP	Ukrainian Balancing Zone
CWR - Customs warehouse regime (UA storage)	Ukrainian Storage

Source: [Aggregate EU](#)