ORLEN Unipetrol RPA's Position on the Final Consultation Document Concerning the Information Referred to in Article 26(1) of Commission Regulation (EU) 2017/460

Introduction

ORLEN Unipetrol RPA s.r.o., as an industrial consumer of natural gas in the Czech Republic and a key company within the ORLEN Group, welcomes the opportunity to comment on Eustream's proposed transmission tariff methodology.

As one of the large gas-consuming industrial groups in Central Europe, ORLEN Unipetrol is directly affected by the level of cross-border transmission tariffs determining the cost and competitiveness of gas deliveries to the Czech market. The Slovak transmission corridor remains an important element of regional supply diversification and contributes to security of supply in the Czech Republic and the wider Central European region.

ORLEN Unipetrol therefore has significant concerns regarding the proposed increase in transmission tariffs and respectfully requests Eustream and the Slovak regulatory authorities to reassess the proposal.

I. Impact on Industrial Competitiveness in the Czech Republic

The proposed tariff increase, estimated at approximately 50-55%, would directly increase the cost of supplying natural gas to energy-intensive industrial consumers in the Czech Republic.

For industrial sectors such as refining, petrochemicals and chemical production, natural gas constitutes both an energy source and an important production input. Rising transportation costs therefore affect not only energy expenditures but also the overall competitiveness of industrial production.

At a time when European industry faces significant challenges from global competition, increasing transmission charges on one of the key regional routes risks further weakening the competitiveness of Central European manufacturing and chemical value chains.

II. Importance of the Slovak Route for Supply Diversification

Recent European energy policy has focused on replacing Russian gas imports with diversified sources, particularly LNG imports and alternative pipeline routes.

The Slovak transmission system plays a strategic role in enabling access to these diversified supply sources and facilitating cross-border trade within the European Union.

Excessive tariff increases may discourage market participants from utilizing the Slovak corridor and reduce the attractiveness of supply routes connecting LNG infrastructure in the Baltic Sea region with customers in Central and Southeastern Europe.

Such an outcome would run counter to ongoing efforts to strengthen European energy resilience and diversification.

III. Impact on Czech Security of Supply

The Czech Republic is a landlocked market that depends on efficient cross-border infrastructure and well-functioning regional gas markets.

The Slovak transmission system remains one of the important routes providing flexibility and balancing opportunities for the Czech market.

Higher transmission tariffs may reduce liquidity and commercial utilization of the route, potentially limiting the availability of market-based supply options during periods of market stress.

From a security-of-supply perspective, maintaining commercially attractive transmission routes is as important as maintaining the physical infrastructure itself.

IV. Need for Cost Optimization Before Additional Tariff Increases

ORLEN Unipetrol recognizes the challenges faced by Eustream following the reduction of historical east-west transit volumes.

Nevertheless, a structural decline in transit flows should not automatically result in repeated transfers of costs to system users.

Before introducing another significant increase in transmission charges, priority should be given to:

- optimization of operating costs;
- adaptation of infrastructure to new market realities;
- development of new services and business models;
- utilization of available European funding mechanisms supporting infrastructure transformation and decarbonisation.

The burden of maintaining historically underutilized transit infrastructure should not be transferred disproportionately to current network users.

V. Concerns Regarding Long-Term Market Effects

The proposed tariff increase risks creating a self-reinforcing cycle:

- higher tariffs reduce route competitiveness;
- reduced competitiveness lowers demand for transmission capacity;
- lower utilization generates pressure for further tariff increases.

Such a development would neither benefit network users nor contribute to the long-term sustainability of the Slovak transmission system.

Instead, preserving competitive tariffs is more likely to support higher utilization rates and strengthen the role of Slovakia as a regional gas transit and trading hub.

VI. Consistency with European Energy and Industrial Policy

The objectives of the European Union include:

- strengthening energy security;
- improving market integration;
- supporting industrial competitiveness;
- facilitating the replacement of Russian gas with diversified supply sources.

The proposed tariff increase risks undermining each of these objectives by increasing barriers to cross-border trade and raising costs for European industry.

In the current economic environment, regulatory decisions should carefully balance revenue recovery objectives against their broader impact on industrial competitiveness and regional market integration.

Conclusion

ORLEN Unipetrol respectfully submits that the proposed tariff increase has not been sufficiently justified from either an economic or market-integration perspective.

The company therefore encourages Eustream and the Slovak regulatory authorities to:

1. maintain transmission tariffs at the current level or limit any increase to the minimum necessary level;
2. reassess the assumptions used for revenue recovery and capacity forecasts;
3. prioritize efficiency measures and cost optimization before seeking additional revenue from network users;
4. take into account the impact on industrial competitiveness, security of supply and market integration in Central Europe.

ORLEN Unipetrol remains committed to supporting a competitive, integrated and resilient European gas market and believes that maintaining commercially attractive transmission routes is essential for achieving these objectives.