

While most of Europe benefits from EU gas rules, countries in eastern Europe and in particular Romania and Bulgaria have failed to follow suit. Much of the blame for eastern Europe not applying gas rules lies with national authorities who have taken a relaxed attitude towards adopting and implementing EU rules to create free markets and open up borders.

The European Commission has made significant progress in helping to integrate most electricity and gas markets across the bloc by creating the legal framework and ensuring the necessary infrastructure is put in place to guarantee such a goal.

Market participants are also increasingly pointing to the European Commission for turning a blind eye to this region's failure to align with the rest of the bloc. They also say that European institutions such as banks have been lending cash to projects, never ensuring that these pieces of infrastructure are actually fulfilling the goal of market integration.

Romania's grid operator Transgaz has been blocking the export of natural gas to neighbouring countries, as an European Commission investigation has found.

Transgaz has also cashed in millions of euros from European lenders to build infrastructure, which now lies empty. The Giurgiu Ruse interconnector linking Romania to Bulgaria lies nearly empty and although its purpose was to help Bulgaria diversify away from Russian gas, by importing volumes from Romania, it has been Romania that had been off-taking some small volumes sourced in Bulgaria.

More importantly, Transgaz had also raked in millions of euros from the EU to build the Bulgaria-Romania-Hungary transit corridor, but it is now increasingly clear that the project may fall through after there was no interest in an open season for capacity on the Hungarian-Romanian border.

This week, Bulgaria decided to change the energy law to allow the retroactive change in regulated gas tariffs, defying a warning from the European Commission not to do so as this would undermine the principle of legal certainty and legal expectations. It is understandable that given the behaviour of national authorities in this region the patience of the Commission representatives is wearing thin.

However, the European Commission must not give up on this region.

Private energy companies active in the region remain staunch supporters of the EU's free market rules.

They need the EU's support and are keen on building free markets and trade with their colleagues regionally.

For that reason, the EU needs to take a more active interest in the region and also ensure that any funds granted to local authorities should be conditioned on the latter implementing EU rules.

Source: icis.com