CURRENT SITUATION ON THE GAS MARKET

* **President of UOKiK constantly monitors the situation on the gas market.**
* **This resulted, among other things, in a request to the European Commission to investigate the potentially anti-competitive practices of Gazprom in the European market.**
* **At the same time, we would like to point out that in matters related to increases in gas prices, the role played by the President of the Energy Regulatory Office (URE), who approves the rates at which energy companies sell gas to households, is crucial for consumers.**

**[Warsaw, 22 November 2021]** Gas price increases are a problem for businesses and consumers alike both in Poland and in Europe. In recent weeks, they affected the residents of localities in the Wielkopolskie voivodeship, among others.

"*We are paying close attention to the energy market and, in particular, we notice the problem of large increases in gas prices. We are receiving complaints from consumers, businesses and local government officials who are directly affected by this issue. However, I would like to emphasise that the approval of prices introduced by companies selling gas to households is the exclusive competence of the President of the Energy Regulatory Office, while UOKiK does not have the legal power to challenge the tariffs approved by the President of URE,"* says Tomasz Chróstny, the President of UOKiK.

In recent weeks, UOKiK has received many signals about the increased gas prices in the new tariffs for households approved by the President of URE. Furthermore, media have reported that the President of UOKiK can cause a reduction in the tariff prices approved by the President of URE. **In view of this, we emphasise that the approval of gas fuel tariffs for households, i.e. consumers, is the exclusive responsibility of the President of URE.** The President of UOKiK is not authorised to control the validity of the proceedings conducted by the President of URE, nor are they the body to whom appeals against the administrative decisions issued as a result of such proceedings should be directed, nor are they authorised to change the tariffs approved by the energy market regulator. Importantly, **the President of UOKiK did not participate in the administrative proceedings conducted by the President of URE which resulted in the approval of tariffs introduced by companies who have recently significantly increased selling prices of nitrogen-rich gas, such as G.EN Gaz Energia from Tarnów Podgórny or Anco from Jarocin.**

**Investigation of PGNiG's practices**

Between 2018 and 2020, the President of UOKiK investigated the issue of possible abuse of the dominant position in the gas market by PGNiG. The investigation, based on a thorough analysis of the market for the supply of nitrogen-rich gas, did not reveal any unlawful activity.

During the investigation, it was established that companies selling nitrogen-rich gas to households are free to choose the price formula for a given gas year based on the stock exchange prices or fixed prices. If they opt for a price formula based on the stock exchange prices, the price is determined on the basis of methane-rich gas prices on the Polish Power Exchange. An alternative to this formula is the fixed price formula which, if chosen by the company, constitutes the basis on which the supply of nitrogen-rich gas is settled in the subsequent contract year. It is worth noting that in the course of the investigation, it was also established that in subsequent years, a distributor of nitrogen-rich gas supplied to households may change the basis for determining the price of the gas - freely and independently of any prior settlement methods.

Despite the above findings, in October of this year, we requested additional clarification from PGNiG regarding the current situation on the market for nitrogen-rich gas produced in Poland by PGNiG.

At the same time, it should be noted that increases in wholesale prices of methane-rich gas on the exchange may be short-term, so the regulator, i.e. the President of URE, should be particularly cautious in the process of approving tariffs introduced by companies, so as to minimise the risk of unreasonable increases in gas prices for households.

"*In matters related to gas price increases, crucial is the role of the President of URE and meticulous analysis of the proposals of price rates for households submitted by companies, so that dynamic and perhaps temporary increases in gas prices on exchanges are not reflected in permanent price increases for consumers,"* says Tomasz Chróstny, the President of UOKiK.

Under the provisions of currently applicable law, the President of UOKiK cannot influence the decisions of the President of URE, including questioning the prices in the tariffs for households approved by the latter, the latest example being the case of G.EN Gaz Energia from Tarnów Podgórny or Anco from Jarocin.

**Gazprom's anti-competitive practices**

The problem of increasing gas prices affects the whole of Europe. The primary cause of this situation is the deliberate action of Gazprom. There is an observable restriction of gas transit to the European Union through the Yamal-Europe pipeline, which is co-owned by Gazprom. This translates into significant difficulties in replenishing supplies of fuel in European countries ahead of the winter season. Moreover, the company imposed restrictions on trade on European exchanges and on the St. Petersburg SPIMEX exchange, where Gazprom limited gas trading to 50 per cent of available gas volumes. Meanwhile, it is obvious that Gazprom owns gas in quantities sufficient to meet the demand. Evidence of this is the absence of problems when supplying the Russian market, which also did not experience the spike in prices recorded in Europe.

*"There are many indications that the unilateral actions of Gazprom, the main supplier of gas to Europe, may be a part of prohibited abuse of their dominant position in the internal market. Therefore, as early as the end of September, I requested Commissioner Margrethe Vestager, who is responsible for competition protection in the EC, to investigate Gazprom's practices. Moreover, the last few weeks have increasingly shown that controlling the supply of gas delivered to Europe and creating uncertainty about gas supplied through Belarus may serve to intensify the pressure for the certification of the Nord Stream 2 pipeline. The activities of the Russian company are of an intra-community nature, so they should be inspected by EC. As of now, European consumers, businesses and the economies of the member states are paying the price for the lack of reaction against the Russian monopolist*," says Tomasz Chróstny, the President of UOKiK.