

MASE consultation on FERZ Ministerial Decree

Brussels, 19 December 2025

Energy Traders Europe supports the evolution towards a “decentralized CfD design” as the mechanism:

1. Represents a more efficient and less distortive model compared to the traditional pay-as-produced schemes (e.g., FER X)
2. Respects the technology neutrality principle, allowing market participants to choose the best technology mix and to optimise the value of production
3. Encourages PPA development through trader/aggregator intermediation, who manage baseload risk and facilitate certificate withdrawal

With regards to the co-existence of FERZ with other incentive tools, we emphasize the need for continuity and harmonization by:

1. Maintaining FER Z as the reference mechanism for renewable support in the medium-to-long term
2. Limiting FER X to a backup role or for small plants following the transition phase
3. Aligning the duration of FERZ contracts with the lifetime of the time-shifting products available through MACSE

Finally, we propose that the decree should include:

1. A request to GSE to conduct a public consultation on all operational rules, with a minimum duration of 30 days
2. A public consultation followed by a review of ARERA on the economic parameters of the mechanism; also the definition of other key parameters (which the draft Decree refers to subsequent measures), including the mandatory quota, penalties, and the operating rules of the FER-Z certificate trading platform organized by GME, should also be preceded by public consultations with market participants.

Eligibility

Q1 (Art 4) - Do you agree with the procedures and criteria provided for registration in the Register (Albo)? Is it appropriate to allow registration for plants in the project phase? Alternatively, should additional or different criteria be considered?

We propose the following improvements to the procedures:

- a. Expand eligible plants beyond those listed in Annex 2 to include:
 - i. Full and partial reconstruction interventions for RES plants ("interventi di integrale e parziale ricostruzione");
 - ii. Repowering for all technologies
- b. Allow participation of plants starting construction within the same year of the first auction to avoid exclusion of plants already in advanced authorization stages (Art. 4, comma 2, letter d)

Q2 (Art 4 comma 4) - Do you agree with the methodology used to calculate certificates and the identified exceptions? Alternatively, should alternative calculation algorithms be considered?

We flag the lack of clarity and purpose of the algorithm for calculating certificates in cases of reduced renewable production due to downward dispatch orders on the MBR (Paragraph 4, letter b). The proposed algorithm makes it difficult to estimate the actual volume of certificates issued during downward activation events.

In light of these considerations, and in line with the FER X support scheme already in place which provides for the calculation of the CfD based on producible energy during periods of RES curtailment, it is deemed more appropriate to provide that both in case of activation of the extraordinary downward modulation service ("modulazione straordinaria a ascendere") and in case of activation of downward bids in the Balancing Market (MBR), certificates shall be granted on the basis of producible energy.

Recognizing certificates when zonal prices are zero or negative could create distorted incentives, encouraging plants to inject power into the grid only to obtain certificates, rather than following market price signals.

Use and Scope of Competitive Tendering Procedures

Q3 (Article 5) - Do you agree with the provisions of Article 5 and, in particular, with the target of 5 GW of new renewable capacity to be allocated through competitive procedures over five years?

Volumes tendered should be reviewed periodically as available quotas should evolve in line with 2030 renewable targets and take into account the progressive deployment of renewables via merchant initiatives, ensuring the deployment of renewable energy and the achievement of the target at the lowest cost for end users

Q4 (Article 5) - Do you agree with the parameters identified for defining locational coefficients and capacity quotas, as well as their temporal evolution? Should additional parameters be considered?

We support the proposed methodology; however, we request early publication of coefficients and application rules to ensure transparency and informed decision-making by market participants.

Q5 (Article 8 & Annex 1) - Do you agree with the method used to determine the capacity available for procurement?

We agree with the proposed methodology - based on the matching of supply and demand – as it is considered consistent with existing mechanisms.

Q6 (Article 8) – Are the timelines for submitting applications and publishing rankings appropriate?

We support the reduction of GSE ranking preparation time to 45 days and we request an extension of the submission window from 10 days to 30 days for greater flexibility for market participants.

Q7 - Should the decree foresee non-price criteria under Article 26 of Regulation (EU) 2024/1735 (Net-Zero Industry Act)?

We suggest limiting non-price criteria to tender award stage only without affecting the merit order on electricity markets and seeking harmonization across the EU.

Key Parameters of the Aid Allocation Process

Q8 (Article 6) - Do you agree with the parameters of the standard decarbonization contract? Should additional profiles be included in the initial phase?

In the initial implementation phase of the mechanism, we agree to define a standard baseload contract profile.

The delivery period for FERZ should be consistent with that of the time-shifting products that will be made available through MACSE.

With regard to the link to the procedures for allocating time-shifting rights under Article 18.5 of Legislative Decree 210/21 (Article 5, paragraph 2, letter a of Decree), it is recommended to define allocation procedures for these rights that are consistent with the coverage needs of FER-Z. First, the allocation procedures for time-shifting rights should take place before the FER-Z procedures, so that market participants have cost references and the necessary tools to manage the profile risk of the FER-Z contract.

Furthermore, we request more clarity regarding:

- **70% certificate constraint** – If the 70% obligation requires certificates from new plants in the awarded zone only, or if those from other zones are valid too. Without prejudice to the need to maintain a link with the bidding area, we propose that flexibility mechanisms should be provided
- **“Planning horizon” (orizzonti di pianificazione)** - Concerning the start of the CfD settlement date

Q9 (Article 9) - Do you agree with the eligibility criteria and ranking methodology, including the use of a lottery in case of identical bids?

We request clarification on the practical application of the lottery mechanism for selecting a participant in case of equal bid reduction and we suggest considering alternative suggestions for tie-breaking criteria such as, for example, a second auction session (“last

bid”) among the operators that submitted equal marginal price bids, after the application of localisation coefficients.

Consequently, it would be appropriate to adjust the timing for the publication of the results in order to allow the organisation of this additional auction session. Alternatively, the introduction of selection criteria already adopted in existing mechanisms could also be considered, such as the date of application submission or the demonstration of the financial soundness of the applicant.

Q10 (Article 10) - Do you agree with the rights and obligations in the standard decarbonization contracts?

Yes, we agree. Regarding the possibility of meeting the 70% obligation by compensating certificates not delivered in a given year with certificates delivered in the following year, we support the proposal and request that full one-year flexibility be granted for the entire amount of the obligation

Q11 (Article 10) - Do you agree with the formula for the minimum annual renewable electricity to be injected into the grid?

We agree with the proposed formula, however, we suggest introducing a formal definition of “value vector” in Article 2 of the decree for clarity.

Q12 (Article 10) - Do you agree with the methodology for calculating penalties in case of non-compliance?

We suggest to:

1. Clarify how the average cost of non-mature technologies will be determined
2. Avoid penalizing market participants unfairly due to high costs of immature technologies
3. Introduce exemptions for force majeure events to prevent unjust penalties for missed energy injection

In addition, we propose that the decree should include:

1. A request to GSE to conduct a public consultation on all operational rules, with a minimum duration of 30 days
2. A public consultation followed by a review of ARERA on the economic parameters of the mechanism, including the penalty values referred to in Article 10.3

Assumptions for Demonstrating Incentive Effect, Necessity, and Proportionality

Q13 (Article 11) - Do you agree with the design of the guarantee system?

Yes, we agree. It is proposed to limit the reduction of the guarantee to applicants registering authorized projects only.

Q14 (Article 6) - Do you agree with the logic behind updating the strike price for inflation? Should indexation also reflect natural gas price dynamics?

We support the principle of updating the strike price to reflect inflation dynamics, even though more appropriate indexes reflecting the inflation of industrial production prices rather than consumer price indexes should be used to update the strike price in the period running from the date of the auction until the start of the delivery period. Indexation at the natural gas price is not necessary.

Q15 (Article 7) - Do you agree with the logic for determining auction reserve prices and minimum/maximum price caps?

We agree with the methodology which, however, requires further clarification together with the disclosure of the assumptions behind the efficient resource mix adopted ("mix efficiente di risorse adottate").

In that sense, the procurement costs for time-shifting products should be included in the disclosed assumptions. An ad hoc consultation is requested before the publication of the Ministerial Decree that will define these prices.

Q16 (Article 7) - Do you agree with the methodology for adjusting auction reserve prices for inflation?

Yes, we agree.

Estimation of Subsidy per Ton of Avoided CO₂ Equivalent

Q17 - Do you agree with the methodology used to estimate the subsidy per ton of avoided CO₂ equivalent?

We question the need for an extra CO₂-based parameter for subsidy calculation as this might lead to potential additional burden to market participants since subsidy is already quantified in €/MWh. Therefore, we seek clarification if this requirement is solely for EU reporting purposes.

Q18 - Should the methodology consider only emissions avoided during plant operation, or should it apply an LCA (life-cycle assessment) approach?

We consider appropriate the quantification of avoided CO₂ emissions to be limited to operations, given the degree of reliability and consistency ensured by their calculation, which is also aligned with the data periodically published by ISPRA and which take into account the national energy mix.

The application of a Life Cycle Assessment (LCA) methodology, on the other hand, is particularly burdensome and requires the use of complex algorithms and the assessment of numerous parameters. Moreover, its application could result in values that are difficult to compare and inconsistent results, due to different assessments of avoided CO₂-equivalent emissions carried out by various certification bodies on which market participants may rely.

Contact

Federico Barbieri

Coordinator for Southern European markets

f.barbieri@energytraderseurope.org