CONSULTATION RESPONSE

Response to the French Italian consultion on yearly Y+2 auctions

Brussels, 07 August 2026

Key messages

- We welcome the introduction of additional maturities for LTTRs on the French Italian border. In the 2024 yearly auction split RTE consultation on the introduction of split yearly auctions and additional yearly products, we strongly supported this measure.
- We encourage further improvements to foster forward market liquidity, such as maximisation of cross-border capacity, extension of Long-Term Transmission Right maturities beyond 3 years ahead, the introduction of quarterly products, and continued firmness of LTTRs.

Detailed comments

We welcome the introduction of Long-Term Transmission Rights as Financial Transmission Right (FTR) options on maturities Y+1 and Y+2. Introducing 2-year-ahead yearly products is a step in the right direction, as it better matches the longer hedging horizons of market participants, particularly for supply contracts, asset optimisation, and long-term procurement strategies.

As in the previous yearly split auctions consultation, we also agree on a first auction in September and a second in November/December. In terms of the volumes offered in each auction and for each direction, they are sufficient to start with.

Despite our general support for the reform, we refer to an important point in our input on the update of the Italy North Regional LTTR Design methodology on some concerns with the switch from Physical Transmission Rights (PTRs) to FTRs:

Under the current PTR/Use-It-Or-Sell-It (UIOSI) framework, long-term rights on the relevant borders may be physically nominated or resold. They may support cross-border import/export schedules linked to positions registered on the PCE. FTRs preserve a financial congestion hedge, but they do not provide a right to physical capacity for scheduling. Given the currently limited liquidity of the PCE and the operational reliance of certain market participants on existing scheduling arrangements, we invited the Italy North TSOs, together with the Italian NEMO and the relevant regulatory authorities, to assess appropriate transitional measures to ensure continuity of market access and balancing operations during the migration to an FTR-based framework. In particular, consideration should be given to maintaining sufficient operational flexibility for cross-border scheduling and programme balancing, avoiding undue barriers for smaller or less vertically integrated participants, and ensuring that any changes to dispatching or PCE-related arrangements are implemented gradually and in coordination with market participants. Transitional solutions may be necessary until sufficient liquidity and operational alternatives develop.

To further help boost liquidity in forward markets, we further recommend:

- **Maximising cross-border transmission capacity at each border, in both directions**. This would enhance hedging opportunities and cross-border trade. And ensuring that any additional capacity released by TSOs is efficiently allocated for the relevant forward timeframes and products (including longer maturities and quarterly products just requested); otherwise, expanded product flexibility alone will not deliver the necessary tradable volumes to materially improve forward market liquidity that may be affected by restrictive allocation constraints applied by the TSOs.
- **Extending LTTR maturities to longer timeframes** (i.e. 3 years), better aligning with liquidity in forward markets and increasing hedging opportunities to market participants to cover their basis risks.

- **Introducing quarterly products** in addition to yearly and monthly products, further improving flexibility and granularity for market participants.
- **Ensuring full financial firmness of issued LTTRs** to fully cover cross-border hedging needs and increase trust and confidence in the market.

Contact

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