

CONSULTATION RESPONSE



Response to the ENTSO-E proposal for the Amendment of the Regional Design of LTTR in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation

Brussels, 12 May 2026

Detailed comments

Energy Traders Europe welcomes the opportunity to comment on the proposed amendment to the regional design of Long-Term Transmission Rights (LTTRs) in the Italy North Capacity Calculation Region (CCR).

As an association of energy traders, we advocate for open and integrated electricity markets throughout Europe. Forward markets are essential for market participants, as they enable the management of price risk over longer time horizons, allowing market participants to hedge their exposures and make informed investment and trading decisions. Well-functioning forward markets also play a key role in price formation by reflecting expectations of future supply and demand conditions, thereby enhancing market transparency and overall efficiency.

LTTRs, used by market participants to hedge cross-border risks over the forward timeframe, are instrumental in fostering cross-border electricity trade and supporting liquidity in forward markets.

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General comments

We support the proposal to align the Italy North LTTR design with prevailing European market practices and the ongoing evolution of capacity calculation methodologies, while ensuring a clear and smooth implementation for market participants.

The alignment is particularly relevant in light of the progressive integration of the region into the Flow Based (FB) capacity calculation framework and the associated long-term FB methodologies. It also preserves liquidity in existing hubs while enhancing the design of zone to zone transmission rights, thereby facilitating hedging on today's efficient natural hubs.

At the same time, in implementing the transition PTRs to FTRs the TSOs should also consider the rules of the Italian physical market, in particular the operation of the Piattaforma Conti Energia ("PCE") and the role of cross-border implicit import/export units in supporting physical scheduling and the management of PCE programme balances.

Under the current PTR/UIOSI framework, long-term rights on the relevant borders may be physically nominated or resold, and 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 invite 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

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PCE-related arrangements are implemented gradually and in coordination with market participants. Transitional solutions may be necessary until sufficient liquidity and operational alternatives develop.

We support the forward capacity allocation timeframes in Article 4, including the option to offer yearly LTTRs up to 2 years ahead on selected bidding zone borders, alongside the existing yearly and monthly products. 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.

We would further like to encourage TSOs to issue LTTRs with two- year maturities at all Italy North borders, in both directions.

Further comments

As mentioned above, we welcome the proposed changes. 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 enhance cross-border trade.
- 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.
- Maximising cross-border transmission capacity at each border, in both directions, 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.

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- Ensuring full financial firmness of issued LTTRs to fully cover cross-border hedging needs and increase trust and confidence in the market.

We would again like to thank you for the opportunity to express our opinion. If you have any questions, we remain at your disposal.

Contact

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