CONSULTATION RESPONSE

Energy Traders Europe's response to the Consultation on the amendment proposal for the methodology for long-term cross-zonal capacity calculation for Italy North CCR

Brussels, November 2026

Key Messages

We welcome the opportunity to comment on the Italy North TSOs' proposal to amend the long-term cross-zonal capacity calculation methodology.

For market participants, long-term transmission rights (LTTRs) play an essential role in reducing basis risk in proxy hedging. They support liquidity in forward markets, reduce hedging costs, ultimately benefiting consumers.

Our main recommendations are:

- Demonstrate equivalence: Compare old and new input data in a mandatory parallel run covering all seasonal periods, and publish the impact on long-term capacity.
- Clarify the methodology: Specify how net transfer capacity (NTC) values are extracted and explain how historical data will be combined during the transition.
- Ensure transparency: Publish how many hours each filter removes and apply the filter for day-ahead individual validation adjustments (IVAs) consistently across TSOs.

Specific comments

Demonstrate equivalence of the new input data

The explanatory note describes the extracted values as an "equivalent input", but provides no data to demonstrate this.

When the TSOs amended the methodology for the export corner in 2025, the explanatory note included simulations showing the impact. We ask for the same now. We recommend that the TSOs compare the extracted values and the two-days-ahead (D-2) values for the same hours during a parallel run. They should also publish the long-term capacity calculated with each set of values, per border, direction and seasonal period.

At the moment, Article 12 foresees the external parallel run only "if applicable". In our view, it should be mandatory and cover all seasonal periods, which means at least 12 months. As the D-2 process stops

when the Central Europe (CE) day-ahead process goes live, the comparison should start as early as possible in the CE parallel run. If a full year is not possible before go-live, the TSOs should publish the results available and monitor the impact on long-term capacity after go-live.

Clarify the methodology and the transition

The methodology should define the NTC extraction process and “process fails”.

We also see a difference between the two documents. The methodology refers to Article 23 of the CE day-ahead methodology, which sets out how capacities are calculated for integrated “technical counterparties”; in practice, the Swiss borders. The explanatory note describes the values as the maximum bilateral exchange. We ask the TSOs to clarify which method will be used, and how it applies to the French, Austrian and Slovenian borders.

As the calculation uses the last three years of data, D-2 and extracted values will be mixed for three years after go-live; the methodology should explain how they will be combined.

Ensure transparency of IVAs

In the methodology, IVAs serve as a filtering criterion for the historical sample. Where an IVA is applied by Italy North TSOs or Swissgrid, as the Technical Counterparty, in the CE day-ahead process, the corresponding historical observation is excluded from the statistical sample (Articles 5(1)(g) and 6(1)(c)). We support this approach, as it helps prevent individual operational-security adjustments from distorting the historical sample used for long-term capacity calculation.

For transparency, the TSOs should publish how many observations are excluded under each filtering criterion, broken down by border, direction and seasonal period. Information on the applied IVAs, including their justification, should be made available in line with the transparency requirements of the CE day-ahead methodology. This should also cover IVAs applied by Swissgrid as the Technical Counterparty.

The TSOs should additionally clarify whether the NTC values are extracted from the CE process before or after the application of IVAs. If they are extracted after IVAs, adjustments applied by other CE TSOs may also reduce the RAM available for exchanges affecting Italy North borders, thereby lowering the extracted NTC values while the corresponding hours remain in the historical sample. In that case, the TSOs should clarify how these hours are treated and ensure consistent filtering where such IVAs affect the relevant Italy North border and direction.

Further comments

We also ask the TSOs to offer the maximum long-term capacity in both directions on all Italy North borders. The change of input data should not reduce long-term capacity in either direction.

The amended regional design of LTTRs foresees yearly rights up to two years ahead on selected borders, which we welcomed in our previous consultation response. However, the methodology covers only the yearly and monthly timeframes (Whereas (15), Articles 8 and 9). Its definitions in Article 2(3) only

go as far as Y-1. It does not specify when or how capacity for a yearly product two years ahead would be calculated. This should be clarified in the methodology.

In a future review of the regional design, we would welcome yearly products up to three years ahead on all borders to further improve long-term cross-border contracting. This would better match the horizons of liquid forward markets and allow market participants to hedge their basis risk over the same period.

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