
Explanatory note on the Italy North TSOs proposal for
the Amendment of the Long-Term Transmission Rights
in accordance with Article 31 of the Commission
Regulation (EU) 2016/1719 of 26 September 2016
establishing a Guideline on Forward Capacity Allocation

April 2026



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1. OVERVIEW

This amendment concerns the update of the *Italy North Design of Long-Term Transmission Rights* in accordance with Article 31 of the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a Guideline on Forward Capacity Allocation. The Italy North TSOs jointly propose this revision to align the regional design of Long-Term Transmission Rights (LTRs) with current European market practices and the evolution of capacity calculation methodologies.

The amendment introduces two structural changes to the current Italy North LTR design:

- The replacement of Physical Transmission Rights with UIOSI principle (PTRs) by Financial Transmission Rights (FTR options).
- The extension of the offered LTR products to include not only yearly and monthly rights but also yearly long-term transmission rights up to two years ahead, on selected borders, where appropriate.

These changes are intended to ensure the full consistency of the Italy North region with the forward capacity allocation practices in neighboring CCRs, support the transition to Flow-Based capacity calculation, and provide a more robust and harmonized hedging framework for market participants across the European electricity market.

Key aspects introduced through this amendment include:

- **Change of the Long-Term Transmission Right type:** Article 3 is updated to define FTRs options as the sole LTR product for all Italy North borders, replacing the previous PTR with UIOSI approach.
- **Extension of the forward capacity allocation timeframes:** Article 4 is updated to introduce the possibility for the Italy North TSOs to offer yearly long-term transmission rights up to two years ahead, in addition to the existing yearly and monthly products. This enhancement ensures that the hedging instruments available in the Italy North Region are fully aligned with evolving market needs and with the long-term planning horizon of the European forward capacity allocation framework.
- **Implementation timeline:** Article 6 is updated to indicate that the new FTR-based design applies from delivery year 2027 onwards, in line with the regional planning and the progressive integration with the Central Europe Flow-Based market design.

Collectively, these adjustments reflect the commitment of the Italy North TSOs to improve market efficiency, reduce operational complexity, promote harmonization across European regions, and facilitate the introduction of the Flow-Based methodology for long-term capacity calculation.