DECISION OF THE ITALY NORTH REGULATORY AUTHORITIES

ON THE AMENDED VERSION OF THE

FALLBACK PROCEDURES FOR ITALY NORTH CCR IN ACCORDANCE WITH ARTICLE 44 OF THE COMMISSION REGULATION (EU) 2015/1222 OF 24 JULY 2015 ESTABLISHING A GUIDELINE ON CAPACITY ALLOCATION AND CONGESTION MANAGEMENT

8 July 2026

I. Introduction and legal context

This document elaborates an agreement of the Italy North Regulatory Authorities (hereinafter: “IN NRAs”), agreed on 8 July 2026 at Italy North Energy Regulators’ Regional forum, on the proposal by the Italy North Transmission System Operators (hereinafter: “IN TSOs”) for amending the fallback procedures (hereinafter: “IN FPs”) adopted according to Article 44 of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a Guideline on Capacity Allocation and Congestion Management as amended by Commission implementing regulation (EU) 2021/280 of 22 February 2021 amending Regulations (EU) 2015/1222, (EU) 2016/1719, (EU) 2017/2195 and (EU) 2017/1485 in order to align them with Regulation (EU) 2019/943 (hereafter: “CACM Regulation”)[1].

This agreement of the IN NRAs shall provide evidence that a decision on the IN FP amendment proposal does not, at this stage, need to be adopted by ACER pursuant to Article 9.11 of CACM Regulation. It is intended to constitute the basis on which the IN NRAs will each subsequently issue a national decision to approve the IN FP pursuant to Article 9.7 of CACM Regulation.

The legal provisions that lie at the basis of this IN NRAs agreement on the above-mentioned methodology can be found in Articles 3, 9, 12, 44 and 50 of CACM Regulation, and in Article 5 of Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast) (hereinafter: “recast ACER Regulation”) , as better specified in the Annex to this document for ease of reference.

II. The current Italy North Fallback Procedures

Fallback procedures are CCR-specific predefined mechanisms established by TSOs (under Article 44 of the CACM Regulation) to ensure efficient, transparent and non-discriminatory cross-zonal capacity allocation when the single day-ahead market coupling (SDAC) cannot deliver results.In practice, the fallback procedures provide an alternative allocation and trading process replacing the standard price coupling outcome (e.g. explicit allocation such as shadow auctions in several CCRs).

Fallback procedures are triggered (Article 50 CACM) when:

- Market coupling (market coupling operator function) fails to produce (part or all) results within the deadline, or
- There is a risk that results cannot be delivered on time, which must be notified to TSOs and market participants.

The current IN FPs were approved by the IN NRAs on 18 March 2022.

The purpose of the proposed amendment to the IN FPs is to merge the regional Shadow Allocation Rules for the Italy North CCR with other Shadow Allocation Rules (hereafter: SAR) currently applied across Europe, and namely those applied in the Core CCR, into one set of Shadow Allocation Rules.

III. The Italy North TSOs amendment proposal

The IN TSOs proposal to amend the FPs is aimed at merging the regional Shadow Allocation Rules for the Italy North CCR with other SAR currently applied across Europe, and namely those implemented in the Core CCR, into one set of SAR, in cooperation with all other TSOs across Europe.

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[1] The CACM Regulation (EU) 2015/1222 establishes harmonized rules for capacity allocation and congestion management in European electricity markets, forming the basis for integrated day-ahead and intraday market coupling. It defines common methodologies for cross-zonal capacity calculation and allocation, as well as the roles and responsibilities of TSOs and NEMOs. The Regulation aims to ensure efficient, transparent and non-discriminatory market functioning, while promoting competition, security of supply and the integration of renewable energy sources across the EU.

The update addresses inconsistencies in legal references, removes outdated border-specific provisions, and introduces measures to streamline processes across the Italy North region.

Key modifications include the possibility of using qualified electronic signatures for Participation Agreements, the removal of additional selection criteria for bids with identical prices, and the elimination of rules specific to the Slovenia–Italy border. Furthermore, the amendment expands the information required from participants, introduces new provisions regarding taxes and levies to be communicated to the platform and sets a different implementation timeline for the entry into force of the IN FPs[2].

Collectively, these adjustments reflect a commitment to digitalization, simplification, and consistent application of fallback procedures across all Italy North borders, essentially by adopting the same SAR applied in the Core CCR.

IN TSOs consulted the amendment of the IN FPs and its accompanying explanatory note through the website of ENTSO-E for one month from 13 November to 12 December 2025[3], in accordance with article 12 of CACM Regulation.

The comments raised by stakeholders mainly concerned the introduction in the IN FPs of cross-references to the ongoing process of merging the Capacity Calculation Regions (from the Italy North CCR to the Central Europe CCR), the inclusion of graphical representations, and the shift in the publication time for allocation results from 14:00 to 14:20 CET. IN TSOs agreed only to the latter proposal, namely the shift in the publication time for allocation results, while considering it preferable to avoid including links to other processes and graphical representations in order to prevent the need for future amendments and revisions.

The final proposal was received by the last Regulatory Authority of the Italy North Capacity Calculation Region on 23 March 2026. Article 9.10 of CACM Regulation requires IN NRAs to consult and closely cooperate and coordinate with each other to reach an agreement and take a decision within six months following receipt of submissions of the last Regulatory Authority concerned. A decision is therefore required by 23 September 2026.

IV. The Italy North Regulatory Authorities position

IN NRAs welcome the implementation of the proposed amendments to the IN FPs and deem it important to align the current processes to those applied in the Core CCR.

However, to improve clarity and better alignment of the proposed IN FPs, IN NRAs consider it necessary to introduce some minor additional amendments. Therefore, IN NRAs have decided to exploit the provision included in Article 5.6 of recast ACER Regulation, and Article 9.5 of CACM Regulation, about the duty of regulatory authorities to revise terms and conditions and methodologies where necessary before approving them, modifying directly the TSOs amended version of IN FPs.

The IN NRAs modifications are meant to clearly identify the SAR as a document annexed in Annex 1 to the IN Fallback Procedures (Article 3.6 and Annex 1), to correct a small typographical error (Article 4.3) and to set the expiration timeline for the Italy North FPs once the FPs for the Central Europe CCR entry into force, acknowledging ACER Decisions 04/2024 and 10/2025, which created the Central Europe capacity calculation region (CE CCR) by merging the Core CCR and the Italy North CCR for the DA and ID capacity Calculation.

IN NRAs therefore have modified the IN TSOs amended version of the IN FPs as follows:

Article 3

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[2] The implementation of the IN FPs shall coincide with the date of approval by the relevant national regulatory authorities.

[3] The public consultation is available on the ENTSO-e website: https://consultations.entsoe.eu/markets/italy-north-ccr-amendment-fallback-procedure/.

Initiation of Italy North Fallback Procedure

[…]

6. The execution of Shadow Auctions is based on the version of the Shadow Allocation Rules ~~of 05/11/2025~~annexed in Annex 1. These rules in the framework of the Italy North Fallback Procedure proposal, are only relevant for borders of Italy North CCR.

Article 4

Italy North Borders Fallback Procedure unable to be initiated

[…]

3. If none ~~of the~~ of the above measures is considered by the Allocation Platform as being possible, the Shadow Auction is cancelled and all bids already submitted are automatically deemed null and void, based on objective grounds and in compliance with the Shadow Allocation Rules.

Article 5

Implementation

1. The implementation of Italy North Fallback procedure shall coincide with the date of approval by the relevant national regulatory authorities.
2. The applicability of Italy North Fallback procedure shall terminate upon the approval and effective entry into force of Fallback procedures in the Central Europe CCR.

Annex 1

Shadow Allocation Rules

~~05/11/2025~~

V. The Italy North Regulatory Authorities agreement

IN NRAs have consulted, closely cooperated and coordinated to jointly agree that they modify and adopt the amended IN FPs submitted by IN TSOs pursuant to Article 44 of CACM Regulation. IN NRAs must make their national decisions to adopt the amended IN FPs based on this agreement.

Annex – Legal provisions of relevance for the present IN NRAs decision

CACM Regulation

Article 3
Objectives of capacity allocation and congestion management cooperation
This Regulation aims at:

(a) promoting effective competition in the generation, trading and supply of electricity;
(b) ensuring optimal use of the transmission infrastructure;
(c) ensuring operational security;
(d) optimising the calculation and allocation of cross-zonal capacity;
(e) (…);
(f) (…);
(g) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union;
(h) (…);
(i) (…);
(j) (…).

Article 9
Adoption of terms and conditions or methodologies

5. *TSOs and NEMOs shall develop the terms and conditions or methodologies required by this Regulation and submit them for approval to the Agency or the competent regulatory authorities within the respective deadlines set out in this Regulation. In exceptional circumstances, notably in cases where a deadline cannot be met due to circumstances external to the sphere of TSOs or NEMOs, the deadlines for terms and conditions or methodologies may be prolonged by the Agency in procedures pursuant to paragraph 6, jointly by all competent regulatory authorities in procedures pursuant to paragraph 7, and by the competent regulatory authority in procedures pursuant to paragraph 8.*
   (…)
6. *(…)*
7. *(…)*
8. *(…)*

5. *Each regulatory authority or where applicable the Agency, as the case may be, shall approve the terms and conditions or methodologies used to calculate or set out the single day-ahead and intraday coupling developed by TSOs and NEMOs. They shall be responsible for approving the terms and conditions or methodologies referred to in paragraphs 6, 7 and 8. Before approving the terms and conditions or methodologies, the Agency or the competent regulatory authorities shall revise the proposals where necessary, after consulting the respective TSOs or NEMOs, in order to ensure that they are in line with the purpose of this Regulation and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market.*
6. *(…)*
7. *The proposals for the following terms and conditions or methodologies and any amendments thereof shall be subject to approval by all regulatory authorities of the concerned region:*
   […]
   (e) the fallback procedures in accordance with Article 44;
8. *(…)*

9. *The proposal for terms and conditions or methodologies shall include a proposed timescale for their implementation and a description of their expected impact on the objectives of this Regulation. Proposals for terms and conditions or methodologies subject to the approval by several regulatory authorities in accordance with paragraph 7 shall be submitted to the Agency within 1 week of their submission to regulatory authorities. Proposals for terms and conditions or methodologies subject to the approval by one regulatory authority in accordance with paragraph 8 may be submitted to the Agency within 1 month of their submission at the discretion of the regulatory authority while they shall be submitted upon the Agency's request for information purposes in accordance with Article 3 paragraph 2 of the Regulation (EU) 2019/942 if the Agency considers the proposal to have a cross-border impact. Upon request by the competent regulatory authorities, the Agency shall issue an opinion within 3 months on the proposals for terms and conditions or methodologies.*
10. *Where the approval of the terms and conditions or methodologies in accordance with paragraph 7 or the amendment in accordance with paragraph 12 requires a decision by more than one regulatory authority, the competent regulatory authorities shall consult and closely cooperate and coordinate with each other in order to reach an agreement. Where applicable, the competent regulatory authorities shall take into account the opinion of the Agency. Regulatory authorities or, where competent, the Agency shall take decisions concerning the submitted terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, within 6 months following the receipt of the terms and conditions or methodologies by the Agency or the regulatory authority or, where applicable, by the last regulatory authority concerned. The period shall begin on the day following that on which the proposal was submitted to the Agency in accordance with paragraph 6, to the last regulatory authority concerned in accordance with paragraph 7 or, where applicable, to the regulatory authority in accordance with paragraph 8.*
11. *Where the regulatory authorities have not been able to reach agreement within the period referred to in paragraph 10, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the submitted proposals for terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942.*
12. *In the event that the Agency, or all competent regulatory authorities jointly, or the competent regulatory authority request an amendment to approve the terms and conditions or methodologies submitted in accordance with paragraphs 6, 7 and 8 respectively, the relevant TSOs or NEMOs shall submit a proposal for amended terms and conditions or methodologies for approval within 2 months following the request from the Agency or the competent regulatory authorities or the competent regulatory authority. The Agency or the competent regulatory authorities or the competent regulatory authority shall decide on the amended terms and conditions or methodologies within 2 months following their submission. Where the competent regulatory authorities have not been able to reach an agreement on terms and conditions or methodologies pursuant to paragraph 7 within the 2-month deadline, or upon their joint request, or upon the Agency's request according to the third subparagraph of Article 5(3) of Regulation (EU) 2019/942, the Agency shall adopt a decision concerning the amended terms and conditions or methodologies within 6 months, in accordance with Article 5(3) and the second subparagraph of Article 6(10) of Regulation (EU) 2019/942. If the relevant TSOs or NEMOs fail to submit a proposal for amended terms and conditions or methodologies, the procedure provided for in paragraph 4 of this Article shall apply.*
13. *The Agency, or all competent regulatory authorities jointly, or the competent regulatory authority, where they are responsible for the adoption of terms and conditions or methodologies in accordance with paragraphs 6, 7 and 8, may respectively request proposals for amendments of those terms and conditions or methodologies and determine a deadline for the submission of those proposals. TSOs or NEMOs responsible for developing a proposal for terms and conditions or methodologies may propose amendments to regulatory authorities and the Agency.*

The proposals for amendment to the terms and conditions or methodologies shall be submitted to consultation in accordance with the procedure set out in Article 12 and approved in accordance with the procedure set out in this Article.

Article 12
Consultation

1. *TSOs and NEMOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies where explicitly set out in this Regulation. The consultation shall last for a period of not less than one month.*
2. *The proposals for terms and conditions or methodologies submitted by the TSOs and NEMOs at Union level shall be published and submitted to consultation at Union level. Proposals submitted by the TSOs and NEMOs at regional level shall be submitted to consultation at least at regional level. Parties submitting proposals at bilateral or at multilateral level shall consult at least the Member States concerned.*
3. *The entities responsible for the proposal for terms and conditions or methodologies shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraph 1, prior to its submission for regulatory approval if required in accordance with Article 9 or prior to publication in all other cases. In all cases, a clear and robust justification for including or not the views resulting from the consultation shall be developed in the submission and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies.*

Article 44
Establishment of fallback procedures

By 16 months after the entry into force of this Regulation, each TSO, in coordination with all the other TSOs in the capacity calculation region, shall develop a proposal for robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to produce results.

The proposal for the establishment of fallback procedures shall be subject to consultation in accordance with Article 12

Article 50
Initiation of fallback procedures

1. *In the event that all NEMOs performing MCO functions are unable to deliver part or all of the results of the price coupling algorithm by the time specified in Article 37(1)(a), the fallback procedures established in accordance with Article 44 shall apply.*
2. *In cases where there is a risk that all NEMOs performing MCO functions are unable to deliver part or all of the results within the deadline, all NEMOs shall notify all TSOs as soon as the risk is identified. All NEMOs performing MCO functions shall immediately publish a notice to market participants that fallback procedures may be applied*

Recast ACER Regulation

Article 5

Tasks of ACER as regards the development and implementation of network codes and guidelines

[…]

3. *Where one of the following legal acts provides for the development of proposals for terms and conditions or methodologies for the implementation of network codes and guidelines which require the approval of all the regulatory authorities of the region concerned, those regulatory authorities shall agree unanimously on the common terms and conditions or methodologies to be approved by each of those regulatory authorities:*
    a. *a legislative act of the Union adopted under the ordinary legislative procedure;*
    b. *network codes and guidelines that were adopted before 4 July 2019 and subsequent revisions of those network codes and guidelines; or*
    c. *network codes and guidelines adopted as implementing acts pursuant to Article 5 of Regulation (EU) No 182/2011.*

    The proposals referred to in the first subparagraph shall be notified to ACER within one week of their submission to those regulatory authorities. The regulatory authorities may refer the proposals to ACER for approval pursuant to point (b) of the second subparagraph of Article 6(10) and shall do so pursuant to point (a) of the second subparagraph of Article 6(10) where there is no unanimous agreement as referred to in the first subparagraph.

    The Director or the Board of Regulators, acting on its own initiative or on a proposal from one or more of its members, may require the regulatory authorities of the region concerned to refer the proposal to ACER for approval. Such a request shall be limited to cases in which the regionally agreed proposal would have a tangible impact on the internal energy market or on security of supply beyond the region.

4. *Without prejudice to paragraphs 2 and 3, ACER shall be competent to take a decision pursuant to Article 6(10) where the competent regulatory authorities fail to agree on terms and conditions or methodologies for the implementation of new network codes and guidelines adopted after 4 July 2019 as delegated acts, where those terms and conditions or methodologies require the approval of all the regulatory authorities or of all the regulatory authorities of the region concerned.*
5. *(…)*
6. *Before approving the terms and conditions or methodologies referred to in paragraphs 2 and 3, the regulatory authorities, or, where competent, ACER, shall revise them where necessary, after consulting the ENTSO for Electricity, the ENTSO for Gas or the EU DSO entity, in order to ensure that they are in line with the purpose of the network code or guideline and contribute to market integration, non-discrimination, effective competition and the proper functioning of the market. ACER shall take a decision on the approval within the period specified in the relevant network codes and guidelines. That period shall begin on the day following that on which the proposal was referred to ACER.*