4.1 Harmonised Allocation Rules for Long-Term electricity Transmission Rights

As explained in our response to the public consultation of 26/09, since their availability is limited to physical transmission capacities, **LTTRs remain a complementary instrument** in addition to existing and highly efficient market-based hedging tools (e.g., spread contracts, EPADs, etc.).

The introduction of long-term flow-based allocation to LTTRs:

- May have **a negative impact on hedging opportunities** for market participants.
- Creates an **unequal treatment between different borders** as the capacity allocated between different borders significantly differs, as also indicated by the related ACER simulation.

A **comprehensive cost-benefit analysis** should be conducted before introducing such a significant change.

Imposing an artificial cap on collateral requirements:

- **Transfers the default risk and related costs** from market participants **to end-consumers** via grid tariffs.
- Exacerbates the **lack of a level playing-field** between LTTRs and market-based hedging instruments.

If the cap was introduced, it should be **set according to forward price spreads** observed as close to the auction as possible, i.e., the latest yearly spread for the year-ahead auction and the latest quarterly/monthly/weekly spreads for quarterly/monthly/week-ahead auctions.

Annex

2.3 Network Code on Demand Response (NC DR)

The NC DR can allow further progress towards the full market integration of flexibility assets.

- Increasing system flexibility can play a significant contribution **to achieve the EU's decarbonisation targets** and secure system stability.
- The NC should ensure **equal, non-discriminatory and transparent access** to wholesale markets for market-based flexibility assets.
- The **impact** of the proposed changes on the **functioning of all market timeframes** (in terms of price signals, technical implementation, additional complexity, etc.) should be thoroughly assessed and the **stakeholders' feedback** should be properly taken into account.
- **The NC DR should not introduce unnecessary additional products** (e.g., peak shaving products) for the remuneration of flexibility resources, given that existing short-term markets already offer clear price signals and a wide range of products.

3.4 Bidding zone review (BZR) process

Recital 19 of the Electricity Regulation: “Bidding zones should be defined in a manner to ensure market liquidity, efficient congestion management and overall market efficiency”.

- **The BZR process should**:
  - Include the assessment of both possible splits and mergers.
  - Assess effects across multiple BZs.
  - Be based on a harmonised, pan-European and wholistic perspective, without excessively relying on regional methodologies.
  - Clarify the timeline of the assessment results, ensuring regulatory certainty.
  - Properly take into account and involve stakeholders’ feedback.

- **The BZR process should take into account the impact of any reconfiguration on**:
  - Market efficiency, competition, liquidity and overall welfare.
  - SDAC, SIDC, real-time balancing market and forward markets.
  - Demand-side response and innovation providing additional system flexibility.

Any reconfiguration should take into account the system and market needs more forward looking, e.g., 2030.