Italy North Splitting methodology report

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1. Legal basis

Article 7(2): Amendment to the methodology of LTSRM :

An analysis and report (duly consulted with market participants) shall be prepared every second year by 30/06 by the TSOs of Italy North CCR and submitted to the regulatory authorities of Italy North CCR with the proposal to keep or change relevant parameters. In this process:

a. market data of the past two years shall be considered,

b. TSOs shall present major conclusions from the assessment of the data,

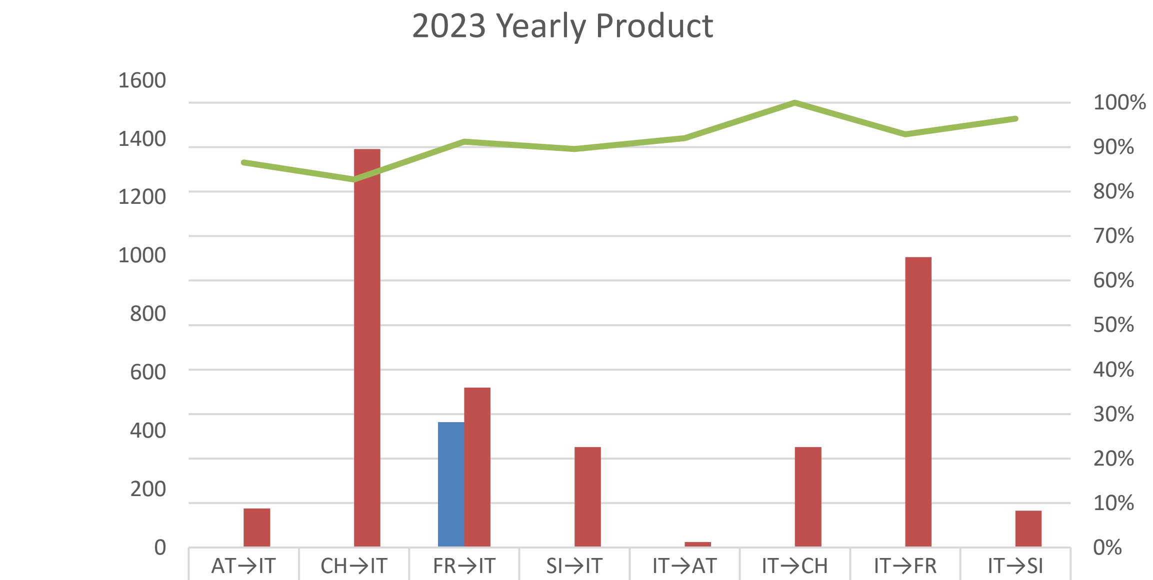
c. *TSOs shall submit an amended Splitting Methodology, if this has to be updated according to the conclusions; the amended proposal shall include the date and time of the foreseen entry into force.*

The first edition of the report shall be submitted to the regulatory authorities of Italy North CCR by 30/06 of the year following the first year of application of the Splitting Methodology.

For the purpose of this report, the analysis is presented in separate blocks reflecting the Splitting Methodology version applied to the underlying auction datasets. In particular, the results for 2023–2024 are assessed under the Splitting Methodology version applied since 2021, while the results for 2025–2026 are assessed under the amended Splitting Methodology approved in 2023. Due to this change in methodology/parameterisation, the two blocks are analysed separately and are not treated as a single continuous trend.

2. Splitting Methodology 2023

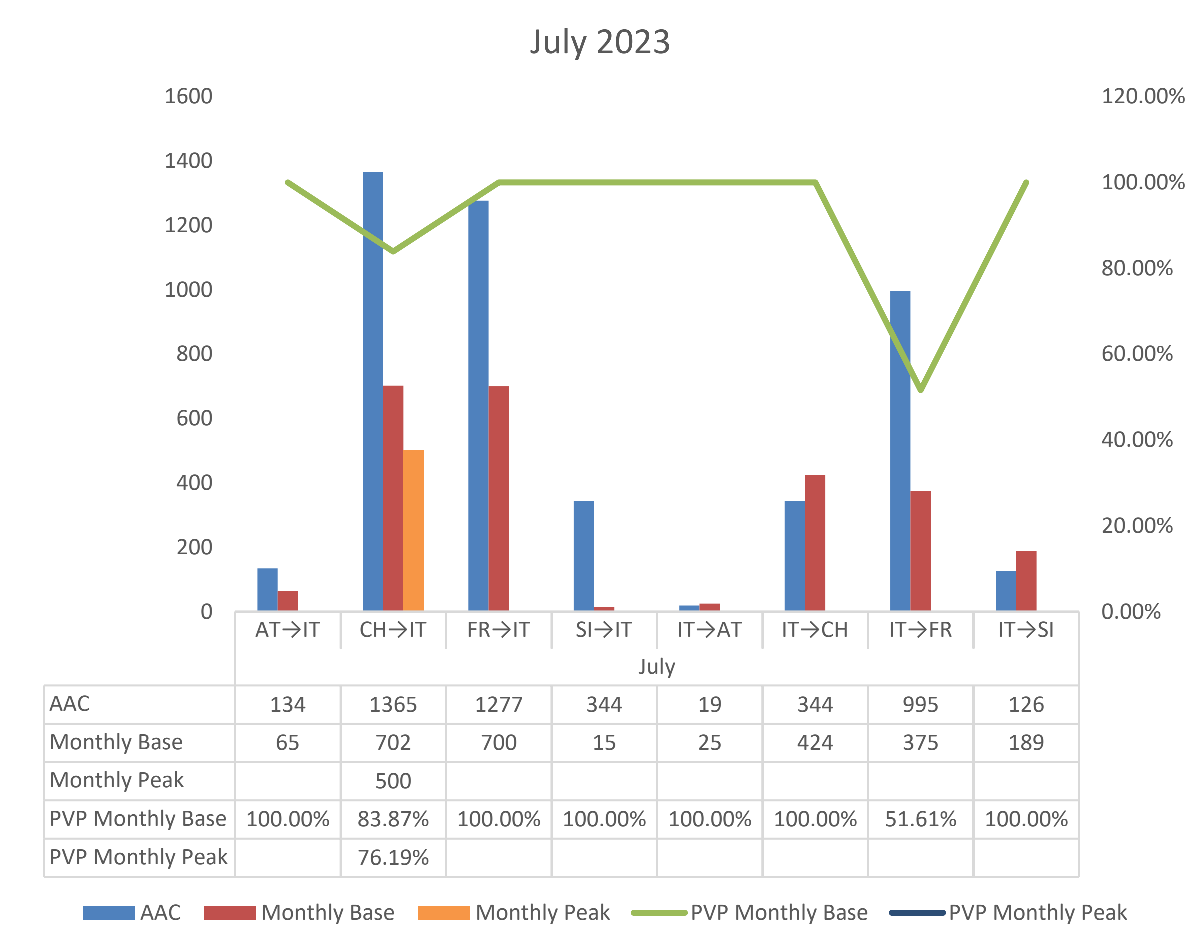
2.1. Yearly product 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
Yearly Flat			429					
Yearly Base	134	1365	548	344	19	344	995	126
PVP	86.58%	82.74%	91.23%	89.60%	92.05%	100.00%	92.88%	96.44%

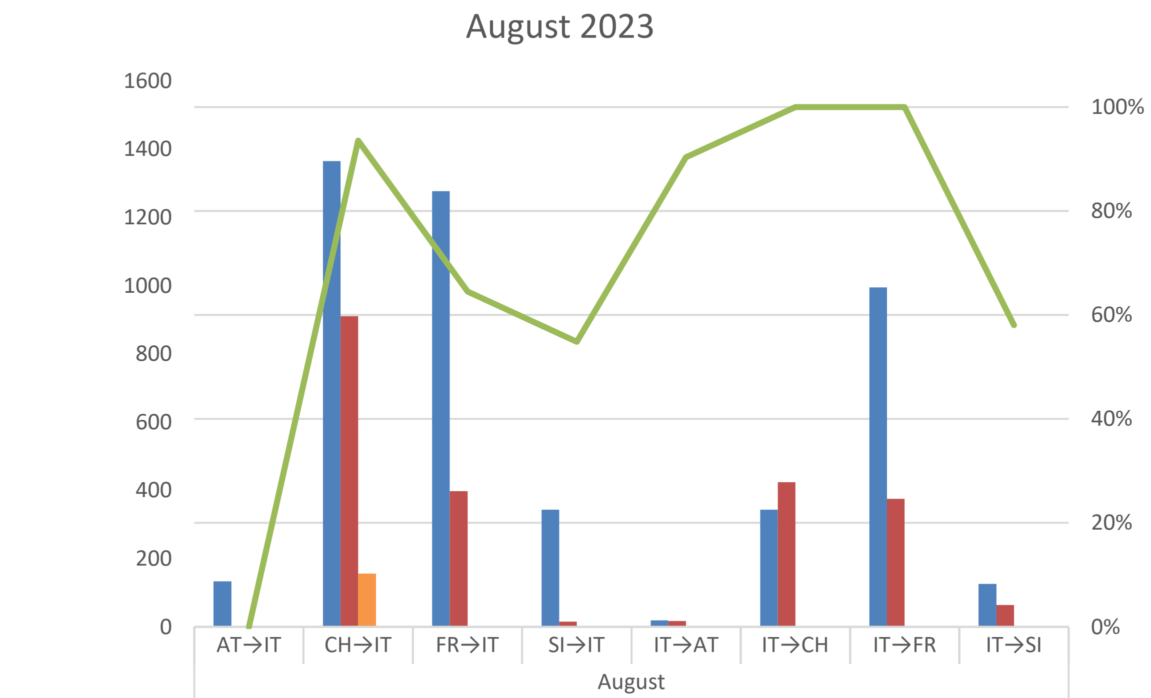
2.2. Monthly Products 2023

July 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	65	702	700	15	25	424	375	189
Monthly Peak		500						
PVP Monthly Base	100.00%	83.87%	100.00%	100.00%	100.00%	100.00%	51.61%	100.00%
PVP Monthly Peak		76.19%						

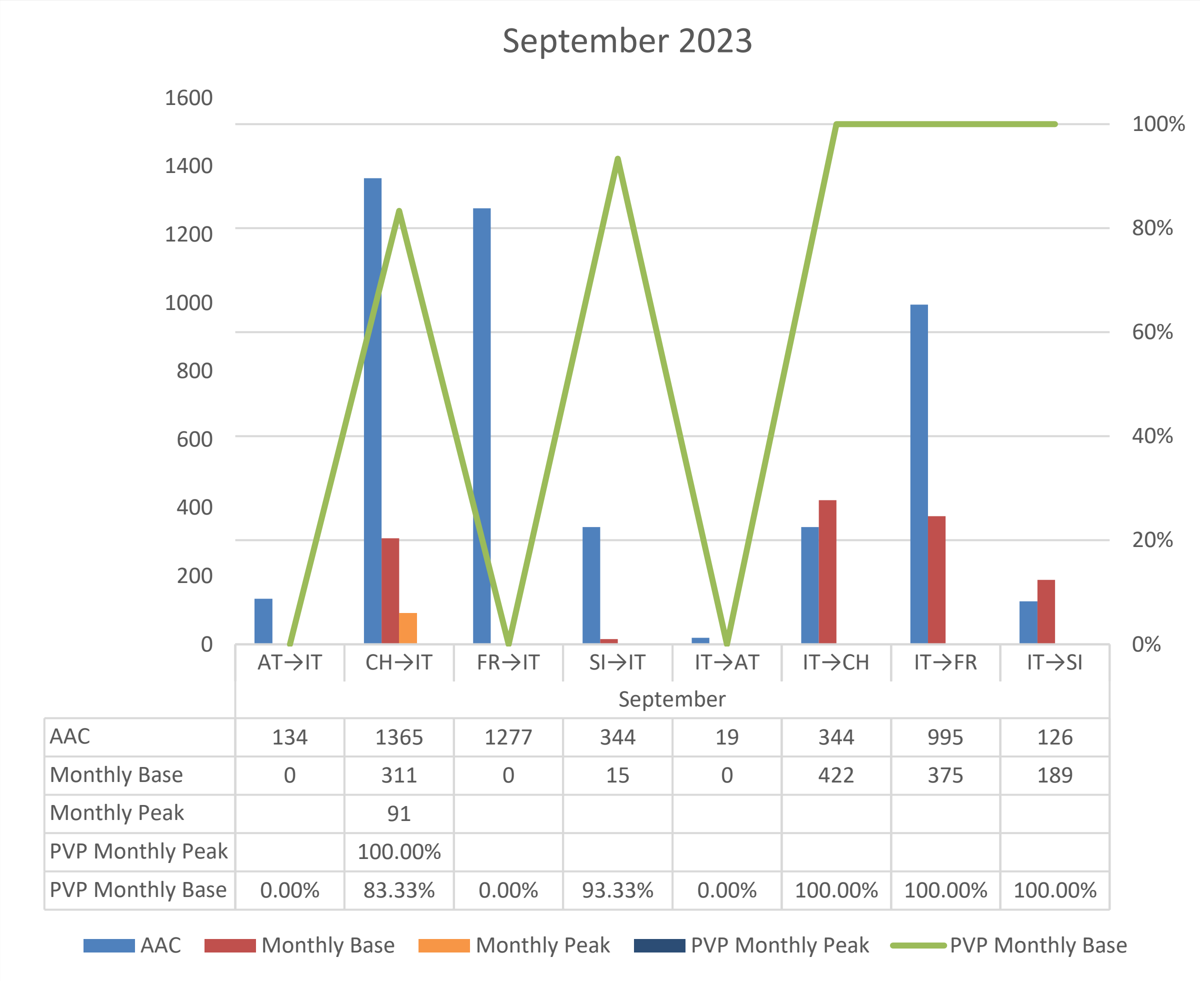
August 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	0	911	398	15	17	424	375	64
Monthly Peak		156						
PVP Monthly Peak		86.36%						
PVP Monthly Base	0.00%	93.55%	64.52%	54.84%	90.32%	100.00%	100.00%	58.06%

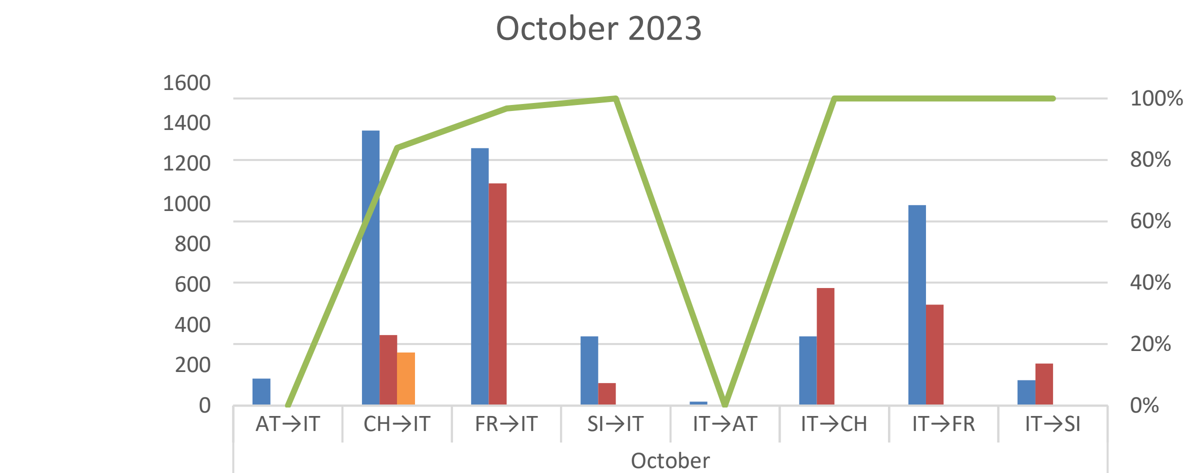
AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

September 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	0	311	0	15	0	422	375	189
Monthly Peak		91						
PVP Monthly Peak		100.00%						
PVP Monthly Base	0.00%	83.33%	0.00%	93.33%	0.00%	100.00%	100.00%	100.00%

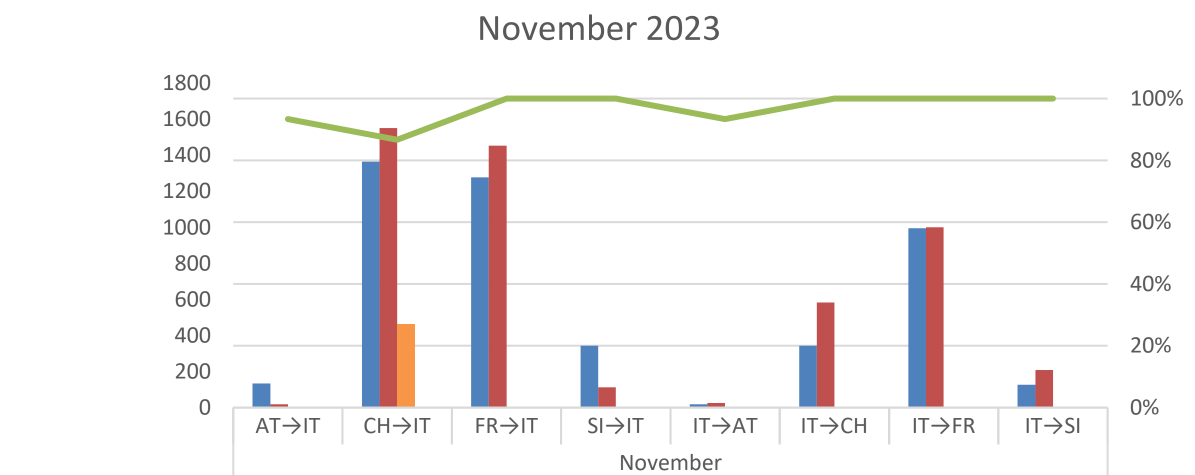
October 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	0	350	1103	112	0	583	500	208
Monthly Peak		262						
PVP Monthly Peak		100.00%						
PVP Monthly Base	0.00%	83.89%	96.78%	100.00%	0.00%	100.00%	100.00%	100.00%

AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

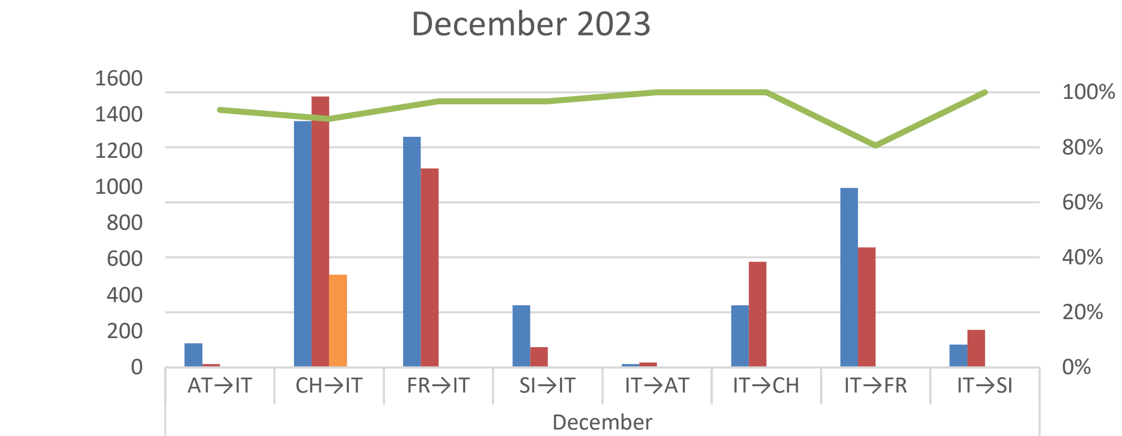
November 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	18	1550	1453	112	25	583	1000	208
Monthly Peak		462						
PVP Monthly Peak		100.00%						
PVP Monthly Base	93.33%	86.67%	100.00%	100.00%	93.33%	100.00%	100.00%	100.00%

AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

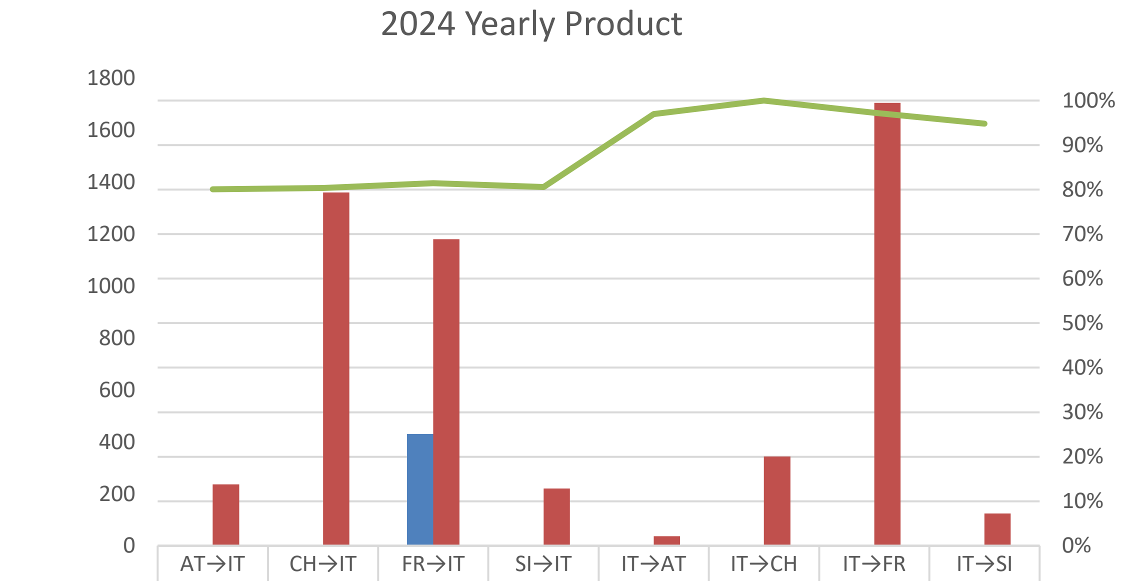
December 2023



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	134	1365	1277	344	19	344	995	126
Monthly Base	18	1500	1103	112	27	586	665	209
Monthly Peak		512						
PVP Monthly Peak		94.44%						
PVP Monthly Base	93.55%	90.32%	96.77%	96.77%	100.00%	100.00%	80.65%	100.00%

AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

2.3. Yearly product 2024

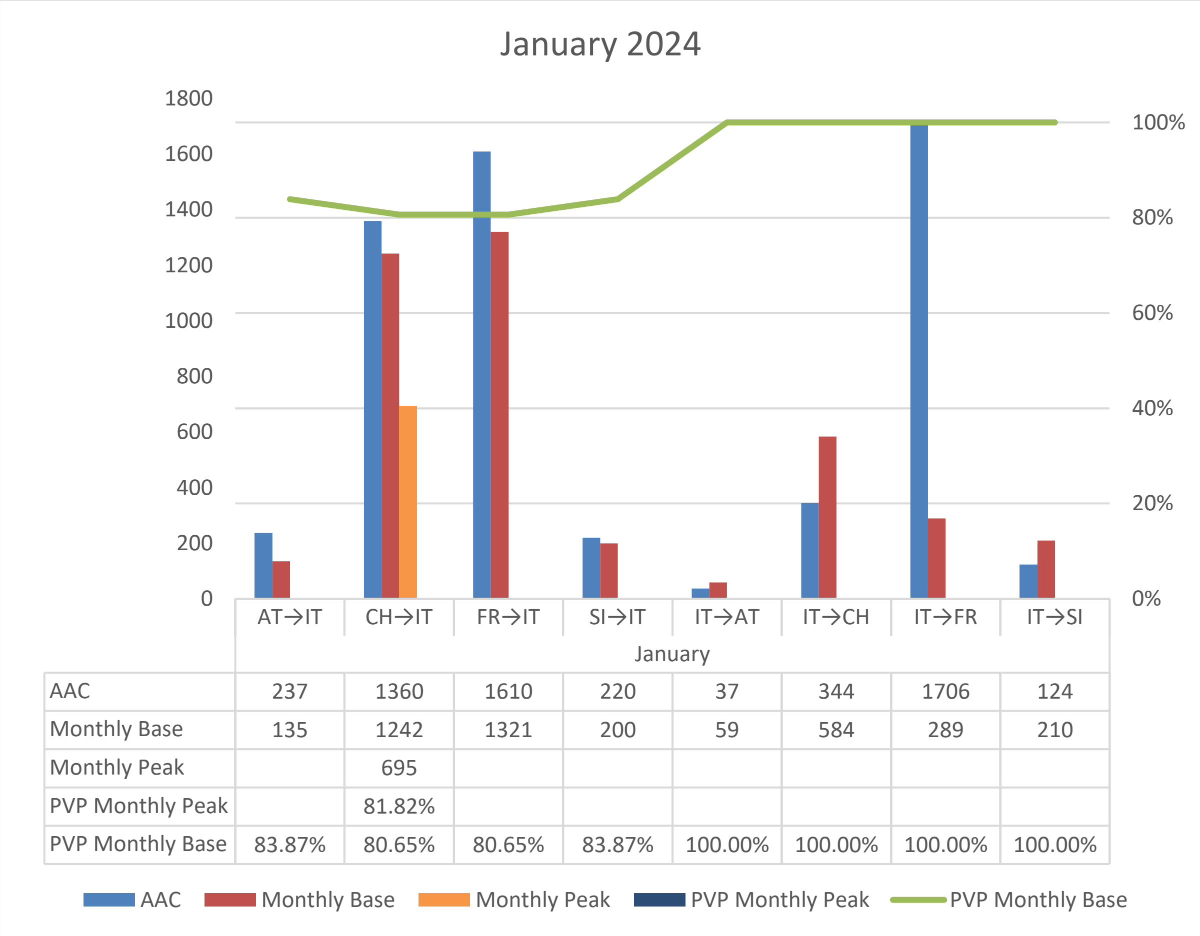


	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
Yearly Flat			430					
Yearly Base	237	1360	1180	220	37	344	1706	124
PVP	80.07%	80.34%	81.43%	80.61%	96.99%	100.00%	97.27%	94.81%

Yearly Flat   Yearly Base   PVP

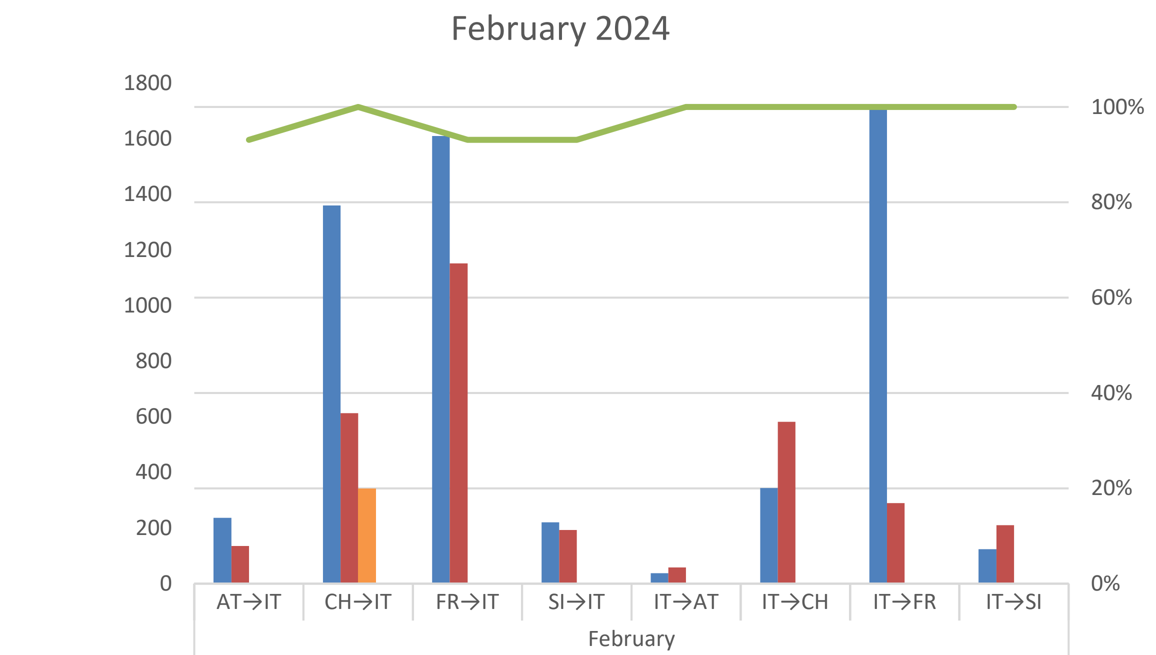
2.4. Monthly Products 2024

January 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	135	1242	1321	200	59	584	289	210
Monthly Peak		695						
PVP Monthly Peak		81.82%						
PVP Monthly Base	83.87%	80.65%	80.65%	83.87%	100.00%	100.00%	100.00%	100.00%

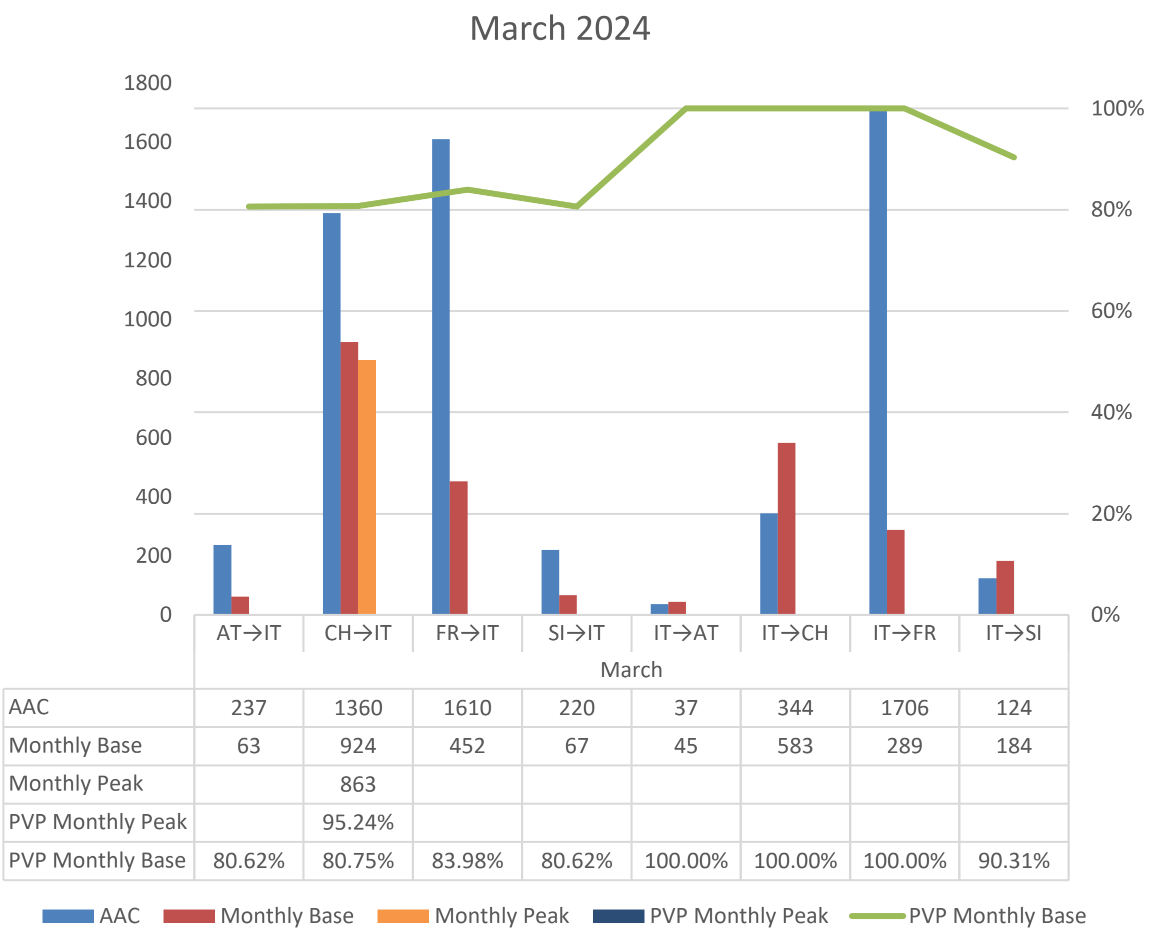
February 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	135	613	1152	193	58	582	289	210
Monthly Peak		342						
PVP Monthly Peak		100.00%						
PVP Monthly Base	93.10%	100.00%	93.10%	93.10%	100.00%	100.00%	100.00%	100.00%

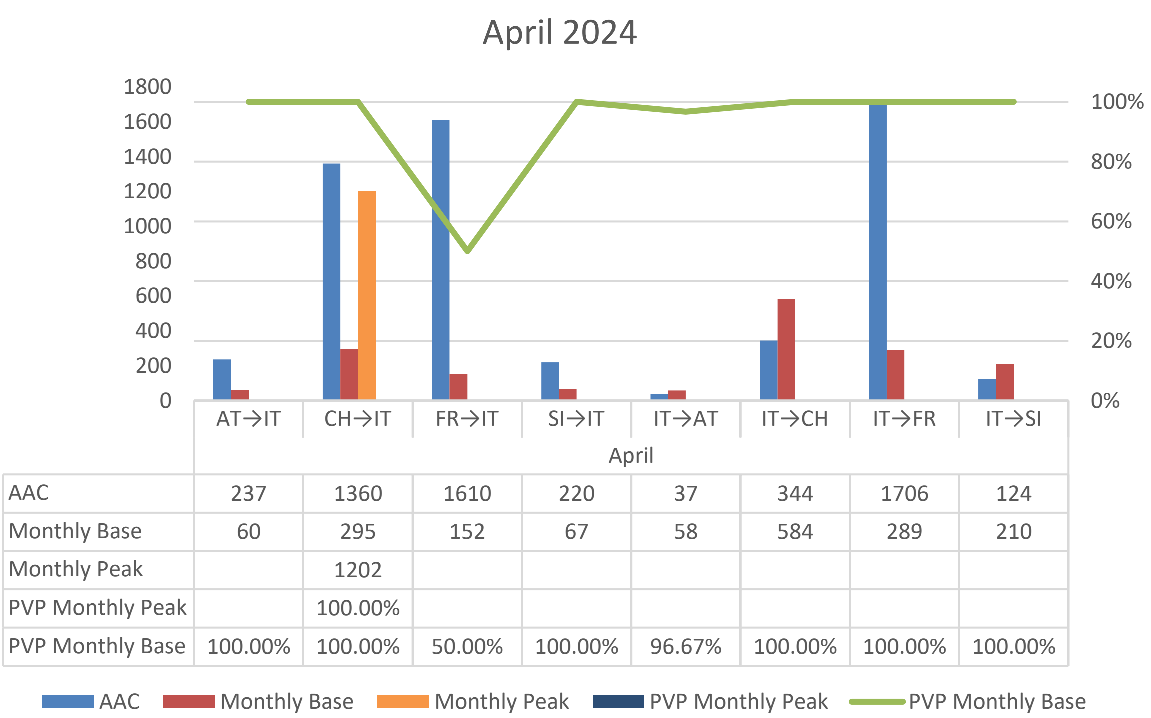
AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

March 2024



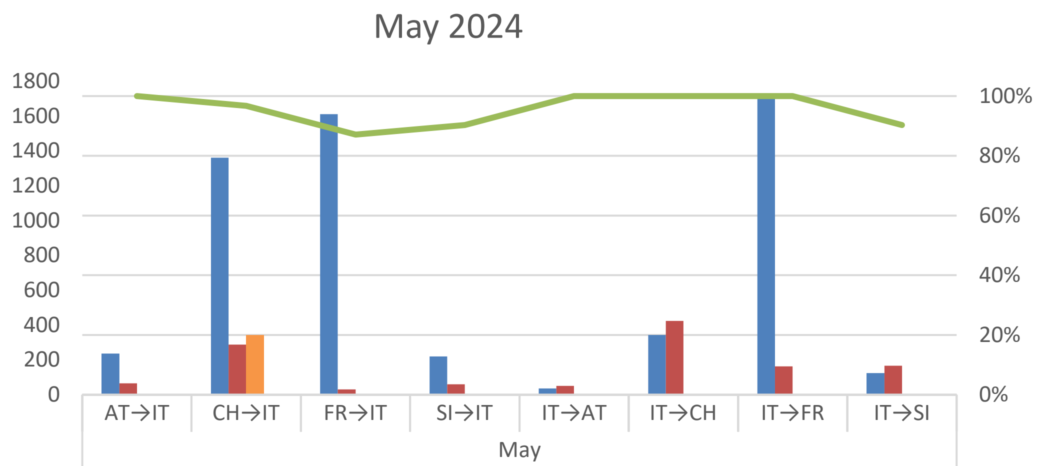
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	63	924	452	67	45	583	289	184
Monthly Peak		863						
PVP Monthly Peak		95.24%						
PVP Monthly Base	80.62%	80.75%	83.98%	80.62%	100.00%	100.00%	100.00%	90.31%

April 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	60	295	152	67	58	584	289	210
Monthly Peak		1202						
PVP Monthly Peak		100.00%						
PVP Monthly Base	100.00%	100.00%	50.00%	100.00%	96.67%	100.00%	100.00%	100.00%

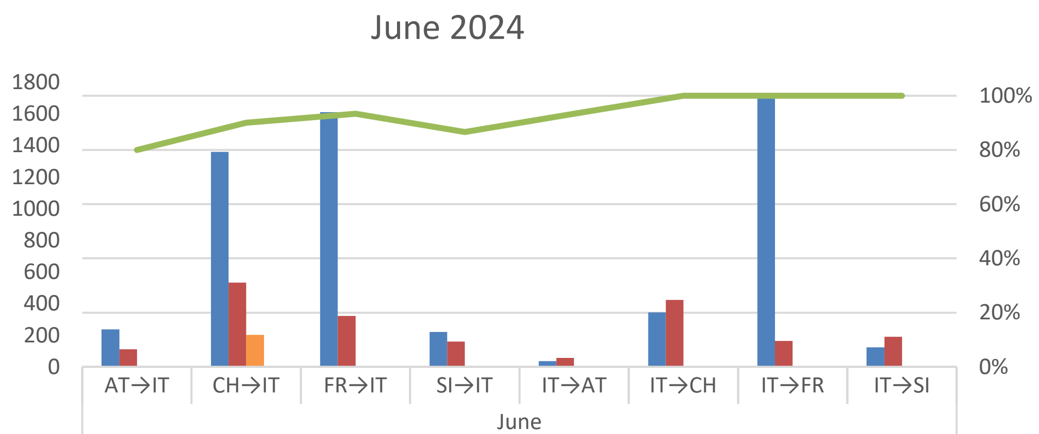
May 2024



May	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	65	288	30	60	52	424	164	166
Monthly Peak		344						
PVP Monthly Peak		95.45%						
PVP Monthly Base	100.00%	96.77%	87.10%	90.32%	100.00%	100.00%	100.00%	90.32%

AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

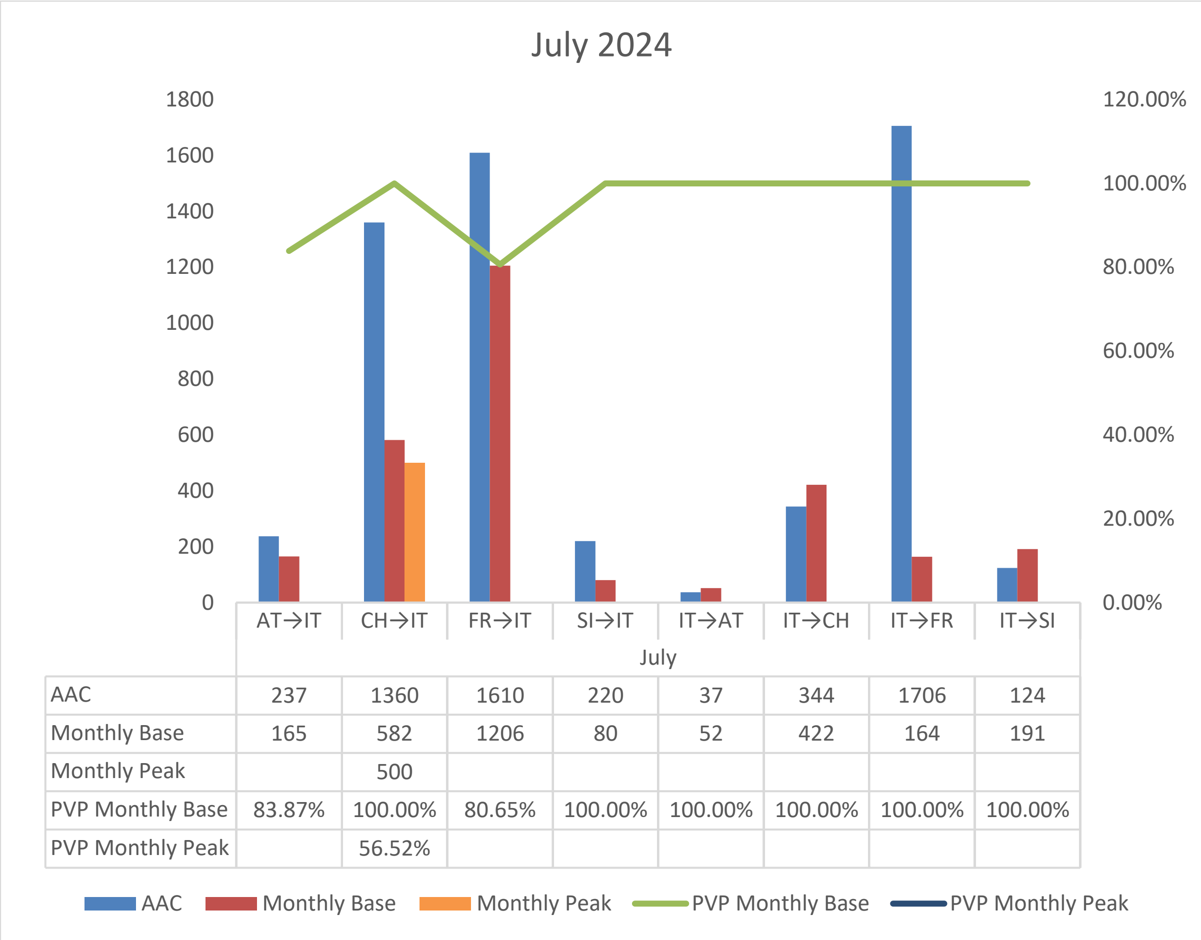
June 2024



June	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	111	532	322	159	56	424	164	191
Monthly Peak		200						
PVP Monthly Peak		75.00%						
PVP Monthly Base	80.00%	90.00%	93.33%	86.67%	93.33%	100.00%	100.00%	100.00%

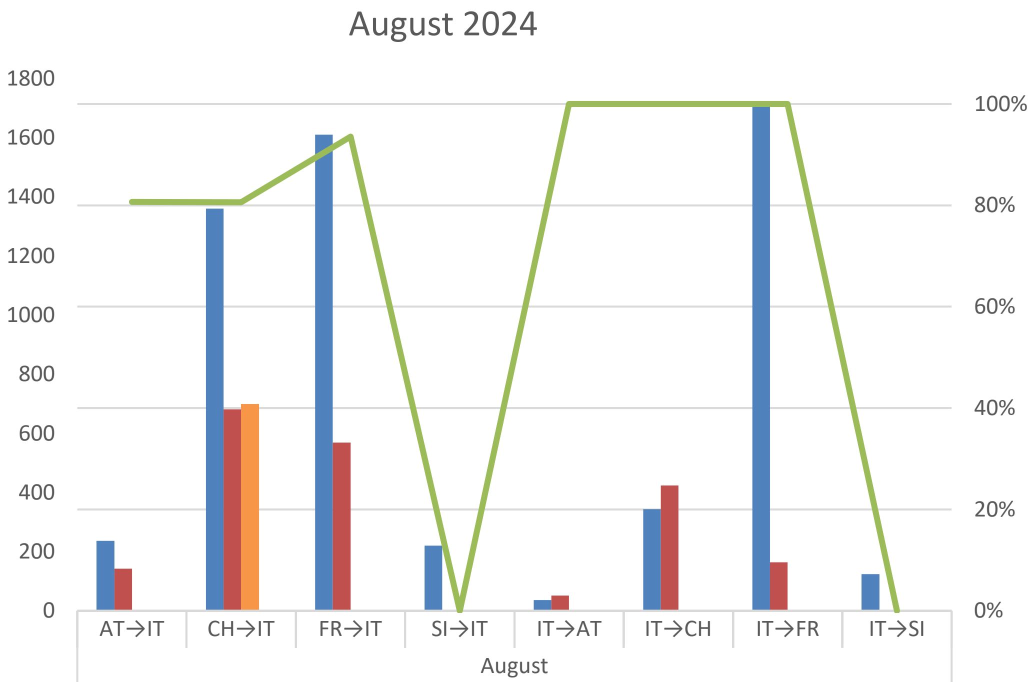
AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

July 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	165	582	1206	80	52	422	164	191
Monthly Peak		500						
PVP Monthly Base	83.87%	100.00%	80.65%	100.00%	100.00%	100.00%	100.00%	100.00%
PVP Monthly Peak		56.52%						

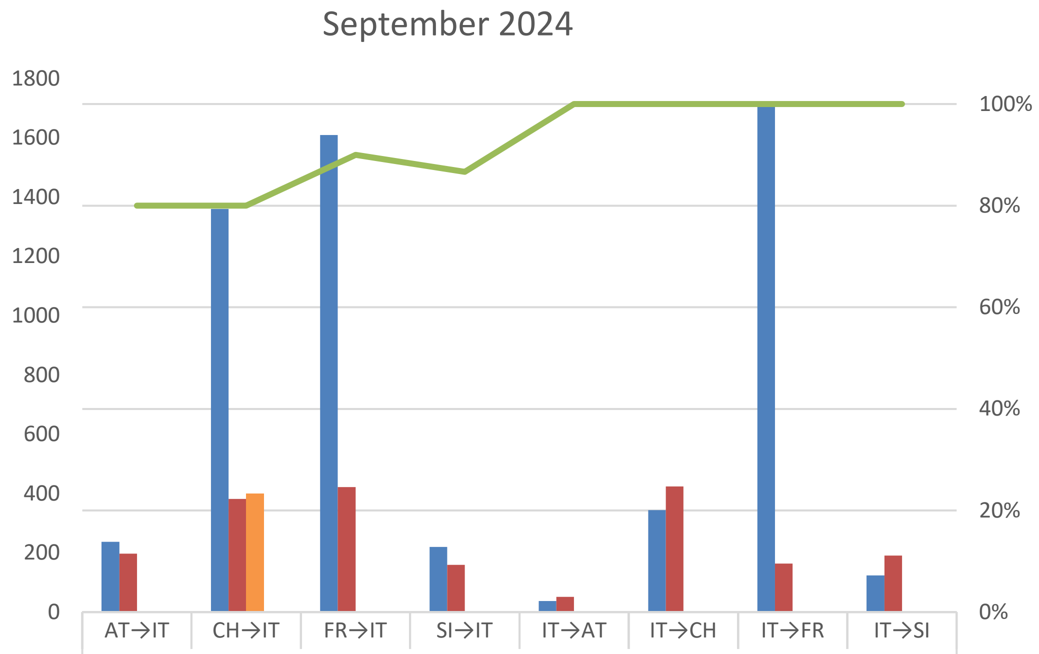
August 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	143	682	569	0	52	424	164	0
Monthly Peak		700						
PVP Monthly Peak		50.00%						
PVP Monthly Base	80.65%	80.65%	93.55%	0.00%	100.00%	100.00%	100.00%	0.00%

AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

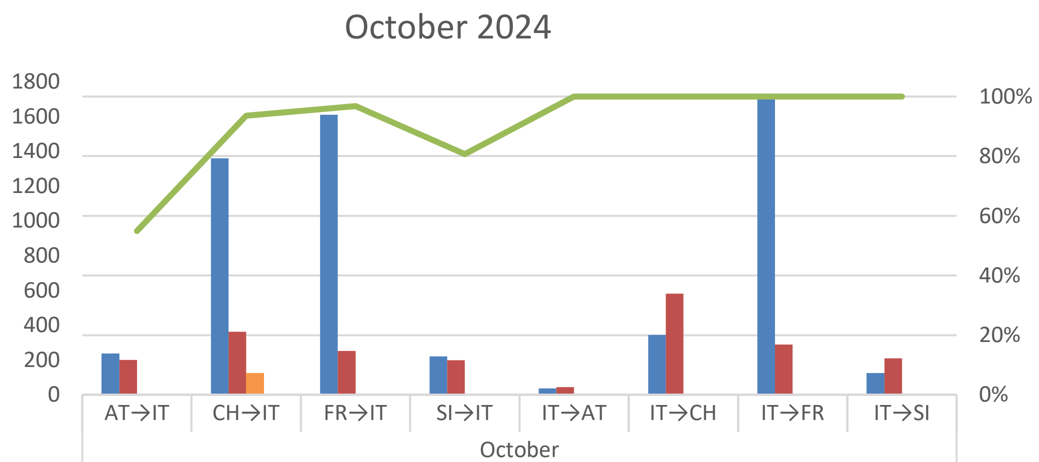
September 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	197	382	422	159	51	424	164	191
Monthly Peak		400						
PVP Monthly Peak		80.95%						
PVP Monthly Base	80.00%	80.00%	90.00%	86.67%	100.00%	100.00%	100.00%	100.00%

AAC | Monthly Base | Monthly Peak | PVP Monthly Peak | PVP Monthly Base

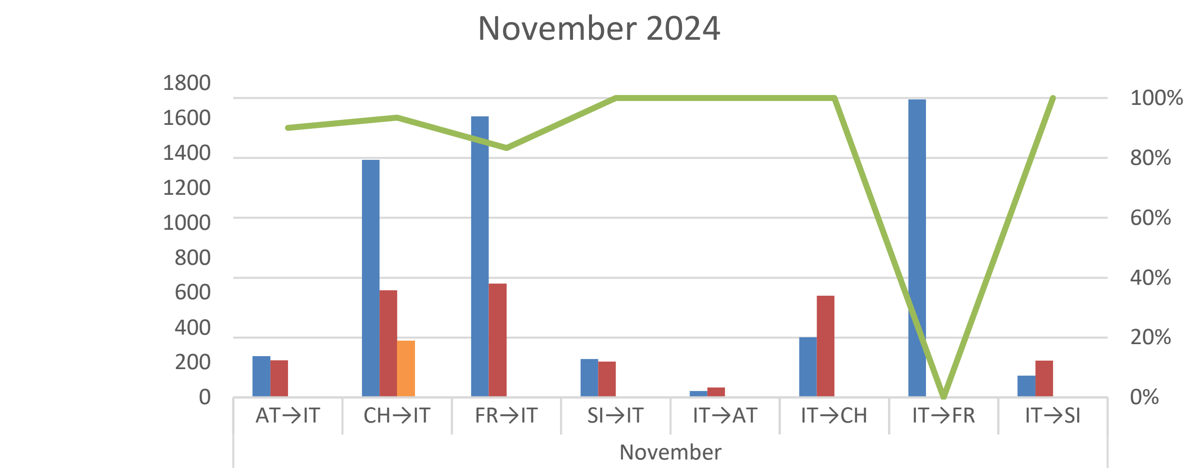
October 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	201	363	252	199	44	582	289	210
Monthly Peak		124						
PVP Monthly Peak		95.65%						
PVP Monthly Base	54.90%	93.53%	96.78%	80.67%	100.00%	100.00%	100.00%	100.00%

AAC | Monthly Base | Monthly Peak | PVP Monthly Peak | PVP Monthly Base

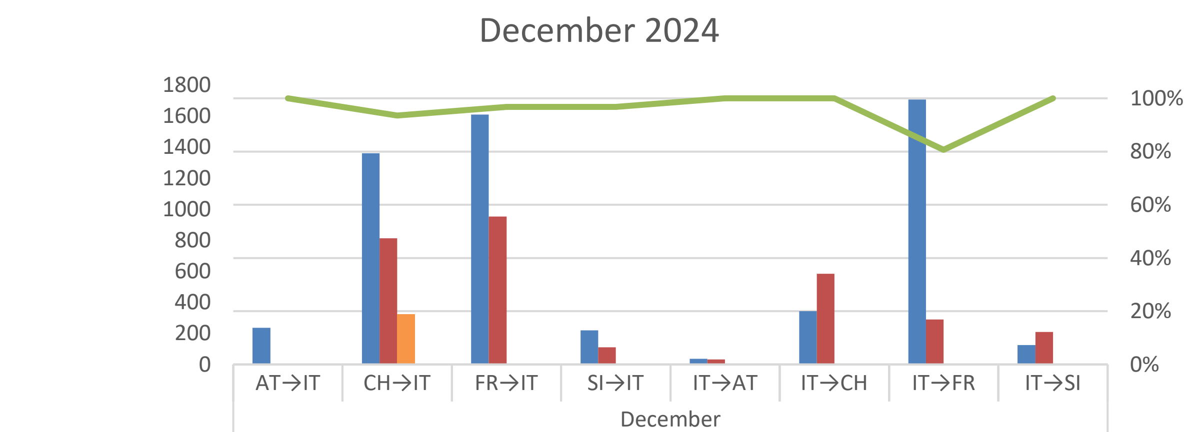
November 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	213	613	652	206	57	583	0	210
Monthly Peak		324						
PVP Monthly Peak		95.24%						
PVP Monthly Base	90.00%	93.44%	83.33%	100.00%	100.00%	100.00%	0.00%	100.00%

AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

December 2024



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	237	1360	1610	220	37	344	1706	124
Monthly Base	0	813	952	111	33	585	289	210
Monthly Peak		324						
PVP Monthly Peak		100.00%						
PVP Monthly Base	100.00%	93.55%	96.77%	96.77%	100.00%	100.00%	80.65%	100.00%

AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

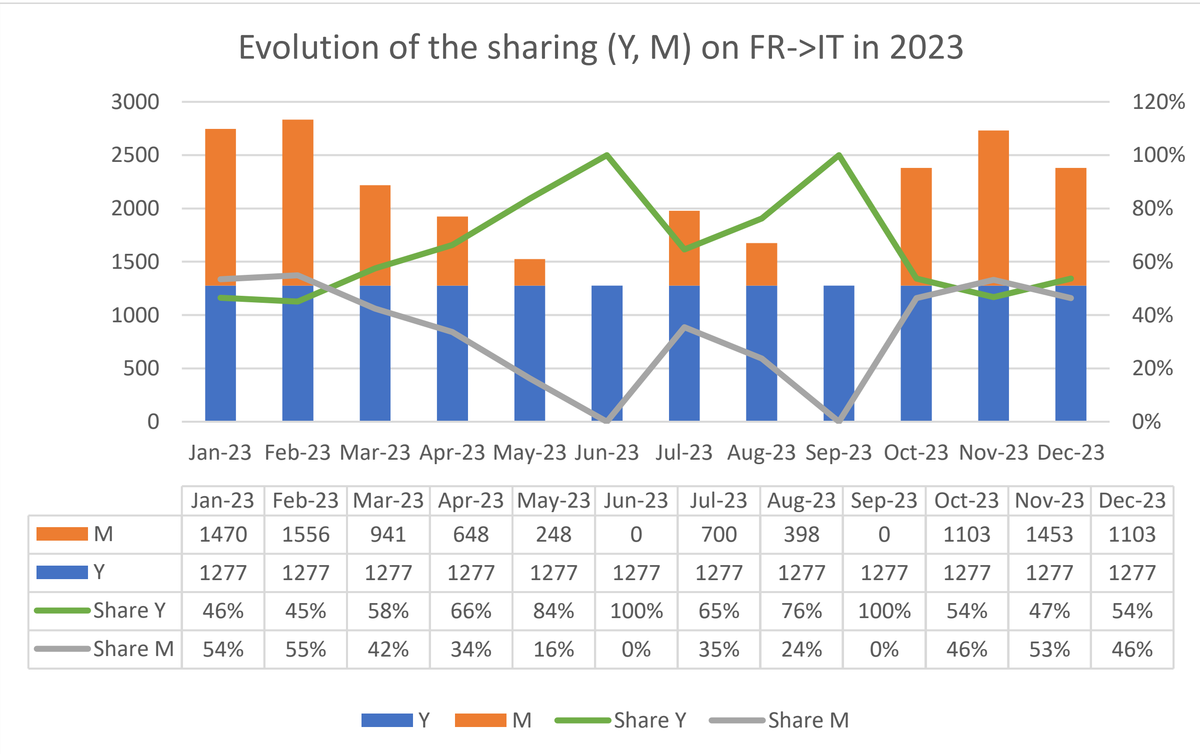
2.5. Summary 2023-2024

The coordinated capacity calculation has been commissioned in December 2021 and started with the yearly computation of year 2022. Comparing to the previous process, which was based on bilateral computations, the auction products remain steady on all borders. The new splitting methodology introduced a few new parameters in the auction computations:

- **PVP (Product Validity Percentage):** This parameter represents a minimum value to reach by the algorithm to guarantee a period where the product is available on the considered timeframe and maximising the volume of energy. For the Yearly and the Monthly timeframe, it has been fixed to 80%. For every single border, the yearly auction is available 80% of the time, so at least 7008 hours a year.
- **Max value of yearly offered capacity:** This parameter represents the share of the yearly product on the overall LT capacity that is offered to the market on the whole year. It varies between 20% and 85%, depending on the border and the direction.
- **Maximum Number of Reduction Periods**: This is the maximum allowed reduction periods that are allowed for each timeframe. A reduction period is defined as a continuous period where the capacity can be reduced by a TSO for a planned outage. It is fixed to 5 periods for the monthly timeframe and 25 periods for the yearly timeframe.

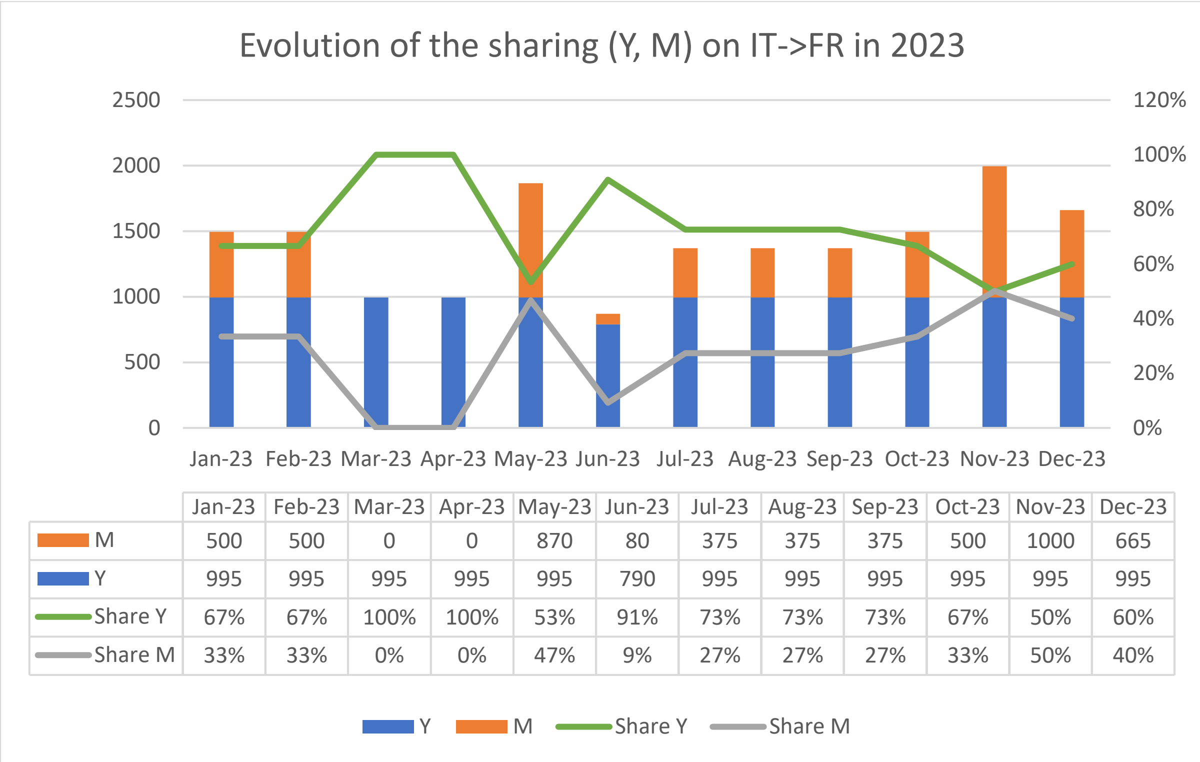
FR-IT

In 2023 on the FR->IT direction, most of the capacity has been sold to the yearly timeframe while the monthly timeframe represents between 0% to 55% of the capacity sold. The yearly product represents between 45% to 100% of the overall long-term capacity. Due to outages in June and September, no capacity has been sold in the monthly timeframe.



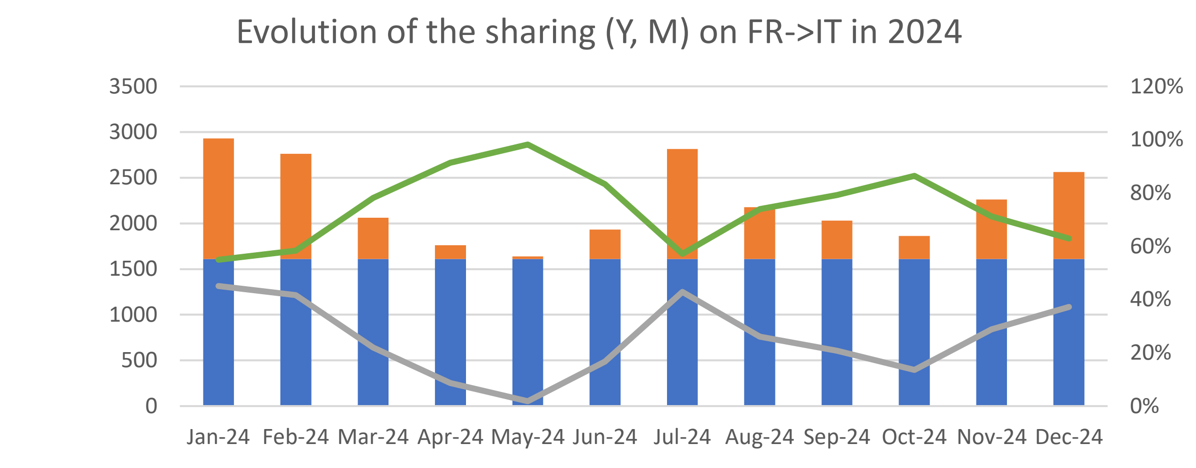
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	1470	1556	941	648	248	0	700	398	0	1103	1453	1103
Y	1277	1277	1277	1277	1277	1277	1277	1277	1277	1277	1277	1277
Share Y	46%	45%	58%	66%	84%	100%	65%	76%	100%	54%	47%	54%
Share M	54%	55%	42%	34%	16%	0%	35%	24%	0%	46%	53%	46%

Concerning the IT→FR direction, most of the capacity has been sold during the yearly timeframe. No capacity has been sold in March and April to this timeframe.



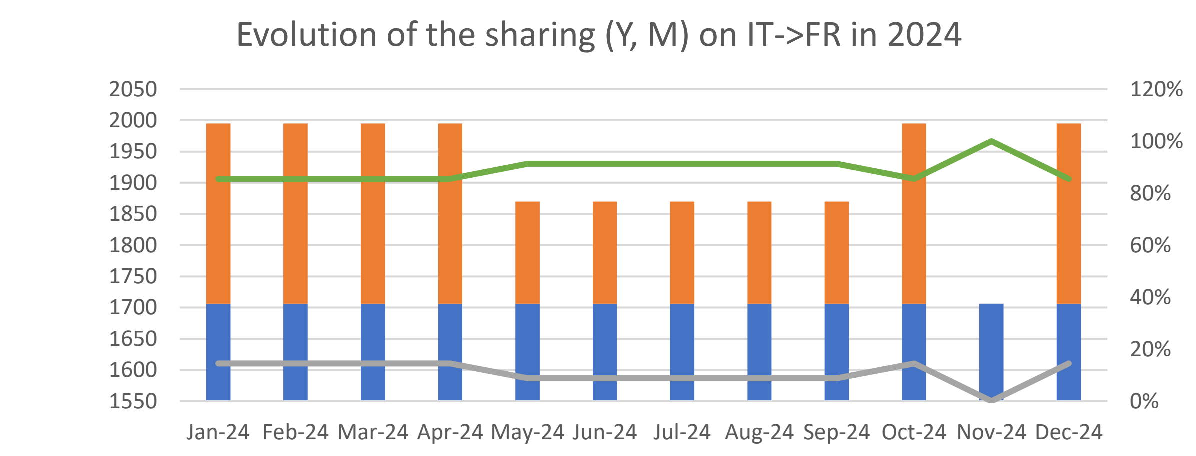
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	500	500	0	0	870	80	375	375	375	500	1000	665
Y	995	995	995	995	995	790	995	995	995	995	995	995
Share Y	67%	67%	100%	100%	53%	91%	73%	73%	73%	67%	50%	60%
Share M	33%	33%	0%	0%	47%	9%	27%	27%	27%	33%	50%	40%

Overall, the average share for the monthly in FR->IT direction is 34% and in IT->FR direction 27%, while for the yearly the average is 66% and 73%.



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	1321	1152	452	152	30	322	1206	569	422	252	652	952
Y	1610	1610	1610	1610	1610	1610	1610	1610	1610	1610	1610	1610
Share Y	55%	58%	78%	91%	98%	83%	57%	74%	79%	86%	71%	63%
Share M	45%	42%	22%	9%	2%	17%	43%	26%	21%	14%	29%	37%

In 2024, the yearly offered capacity on FR->IT border increased. Compared to 2023, a bigger share of the capacity is sold in the yearly timeframe.



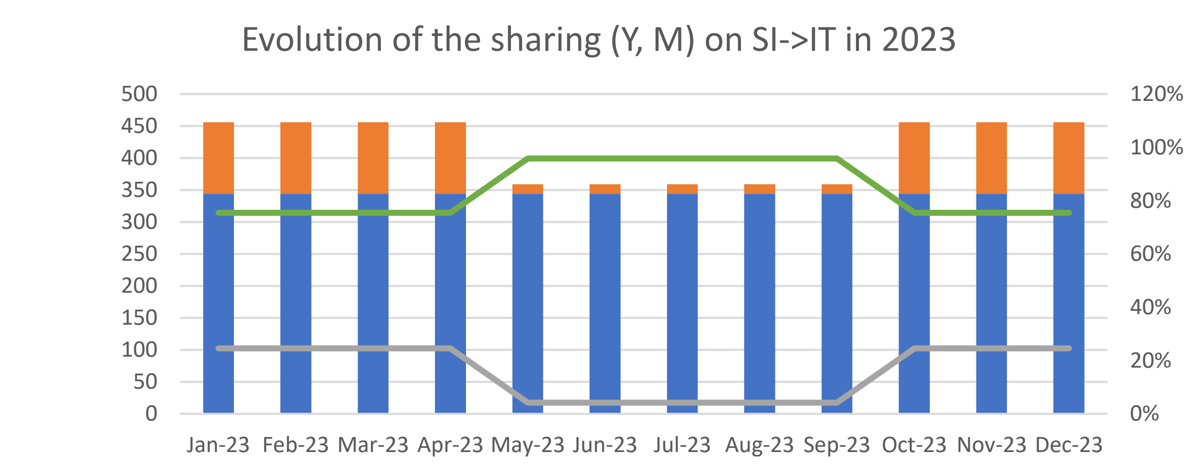
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	289	289	289	289	164	164	164	164	164	289	0	289
Y	1706	1706	1706	1706	1706	1706	1706	1706	1706	1706	1706	1706
Share Y	86%	86%	86%	86%	91%	91%	91%	91%	91%	86%	100%	86%
Share M	14%	14%	14%	14%	9%	9%	9%	9%	9%	14%	0%	14%

The situation in the other direction is quite similar, with 86% to 100% of the capacity offered during yearly auctions. No capacity has been sold in November to the monthly timeframe.

Overall, in 2024 the average share for the monthly in FR->IT direction is 26% and in IT->FR direction 11%, while for the yearly the average is 74% and 89%.

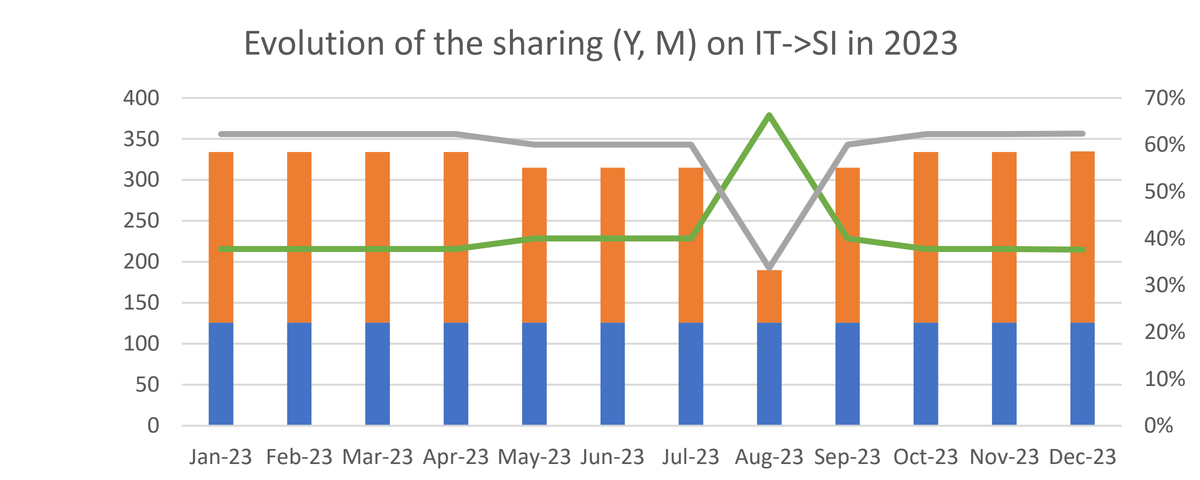
SI-IT

For SI->IT border the splitting methodology in 2023 as already mentioned in last report brought a big difference between yearly and monthly capacities. The PVP was quite high in all the products except for August which is expected due to significant outages every year. There were almost no capacities resold from yearly to monthly level. The main drawback was certainly the difference in the volume of monthly capacities towards yearly. Monthly volumes were really low and since Market participant did not decide to resale the capacities allocated on yearly auction there were little hedging options on the monthly level.



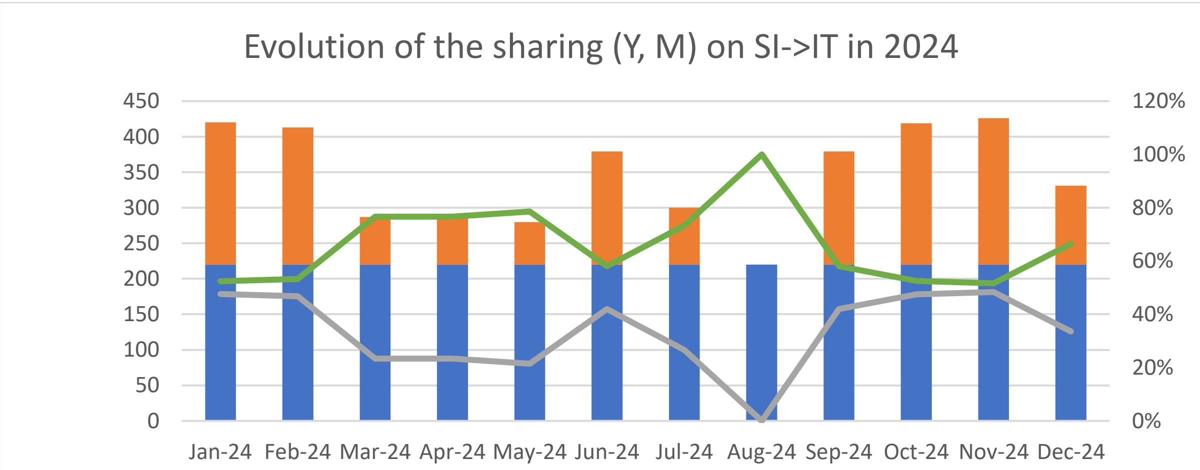
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	112	112	112	112	15	15	15	15	15	112	112	112
Y	344	344	344	344	344	344	344	344	344	344	344	344
Share Y	75%	75%	75%	75%	96%	96%	96%	96%	96%	75%	75%	75%
Share M	25%	25%	25%	25%	4%	4%	4%	4%	4%	25%	25%	25%

The direction IT->SI was in 2023 very stable. The share between yearly and monthly capacities are 40%-60% and except for August there was a PVP of 100%.



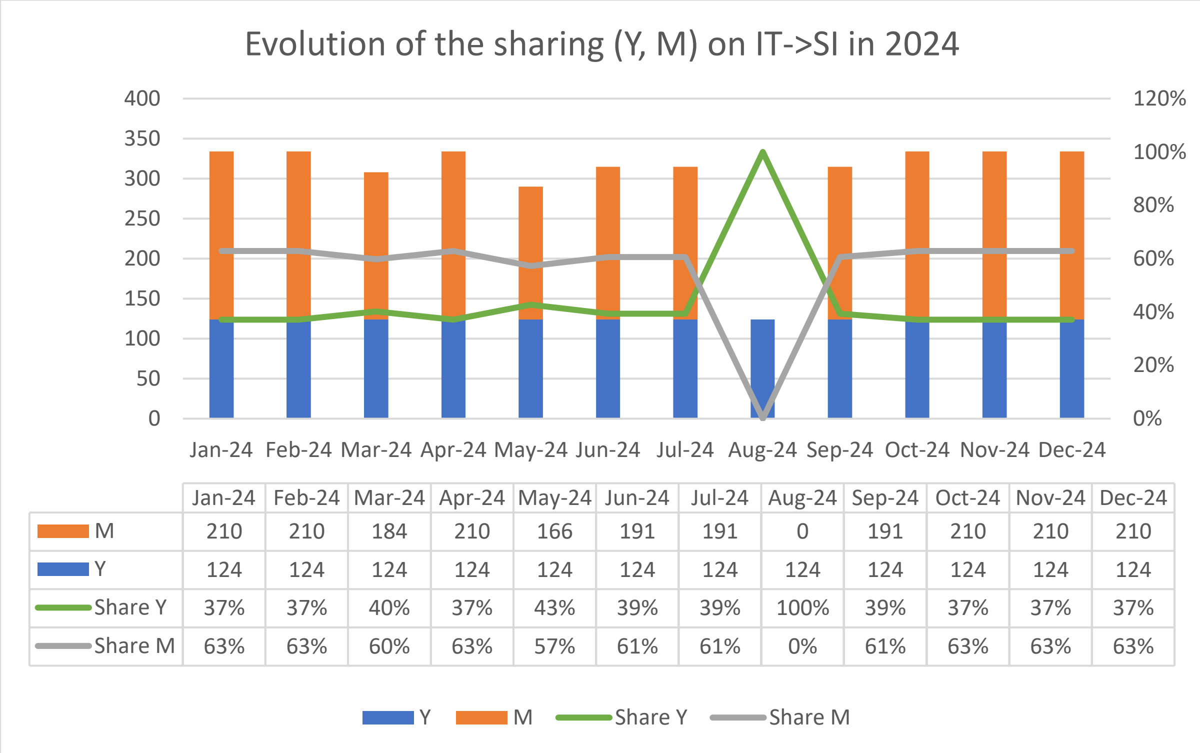
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	208	208	208	208	189	189	189	64	189	208	208	209
Y	126	126	126	126	126	126	126	126	126	126	126	126
Share Y	38%	38%	38%	38%	40%	40%	40%	66%	40%	38%	38%	38%
Share M	62%	62%	62%	62%	60%	60%	60%	34%	60%	62%	62%	62%

As visible on the graph for SI->IT in 2024, the splitting methodology the situation regarding the share between yearly and monthly capacities was a bit better but PVP was a lot lower on all the products.



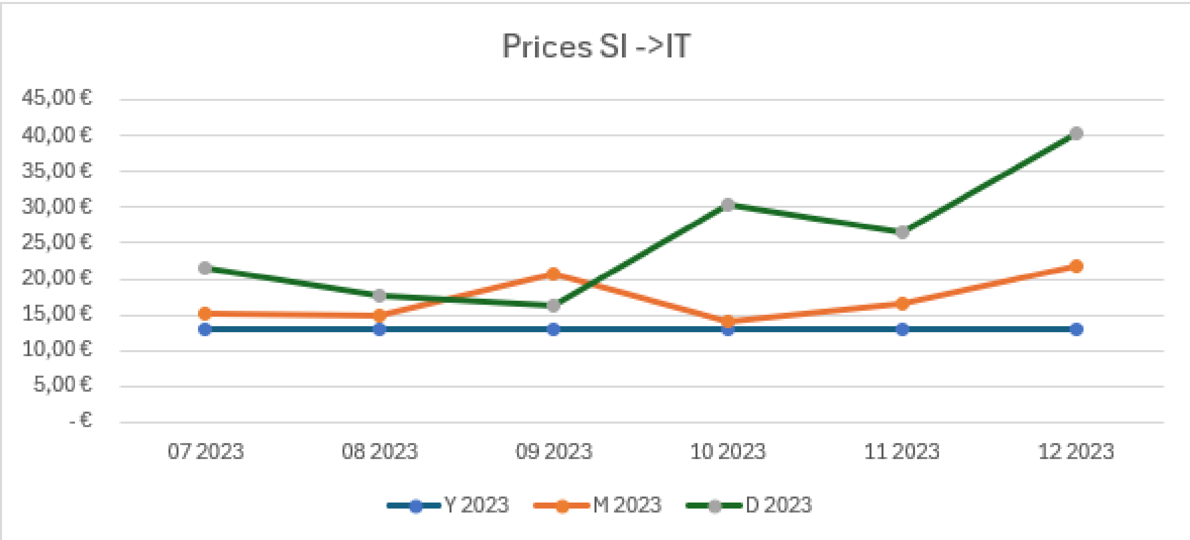
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	200	193	67	67	60	159	80	0	159	199	206	111
Y	220	220	220	220	220	220	220	220	220	220	220	220
Share Y	52%	53%	77%	77%	79%	58%	73%	100%	58%	53%	52%	66%
Share M	48%	47%	23%	23%	21%	42%	27%	0%	42%	47%	48%	34%

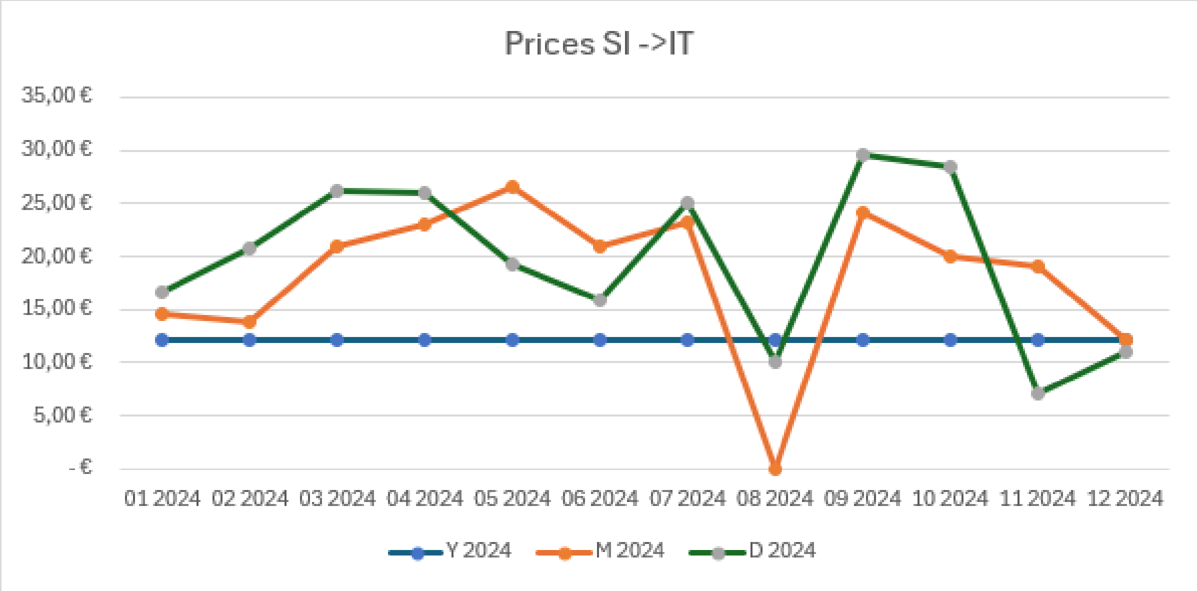
For IT->SI direction the splitting of long-term capacities remains stable also in 2024.



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	210	210	184	210	166	191	191	0	191	210	210	210
Y	124	124	124	124	124	124	124	124	124	124	124	124
Share Y	37%	37%	40%	37%	43%	39%	39%	100%	39%	37%	37%	37%
Share M	63%	63%	60%	63%	57%	61%	61%	0%	61%	63%	63%	63%

For SI-IT border, deeper observation was necessary for the direction SI->IT where almost all of the capacity available went to yearly auctions. This was the biggest reason to change the methodology.



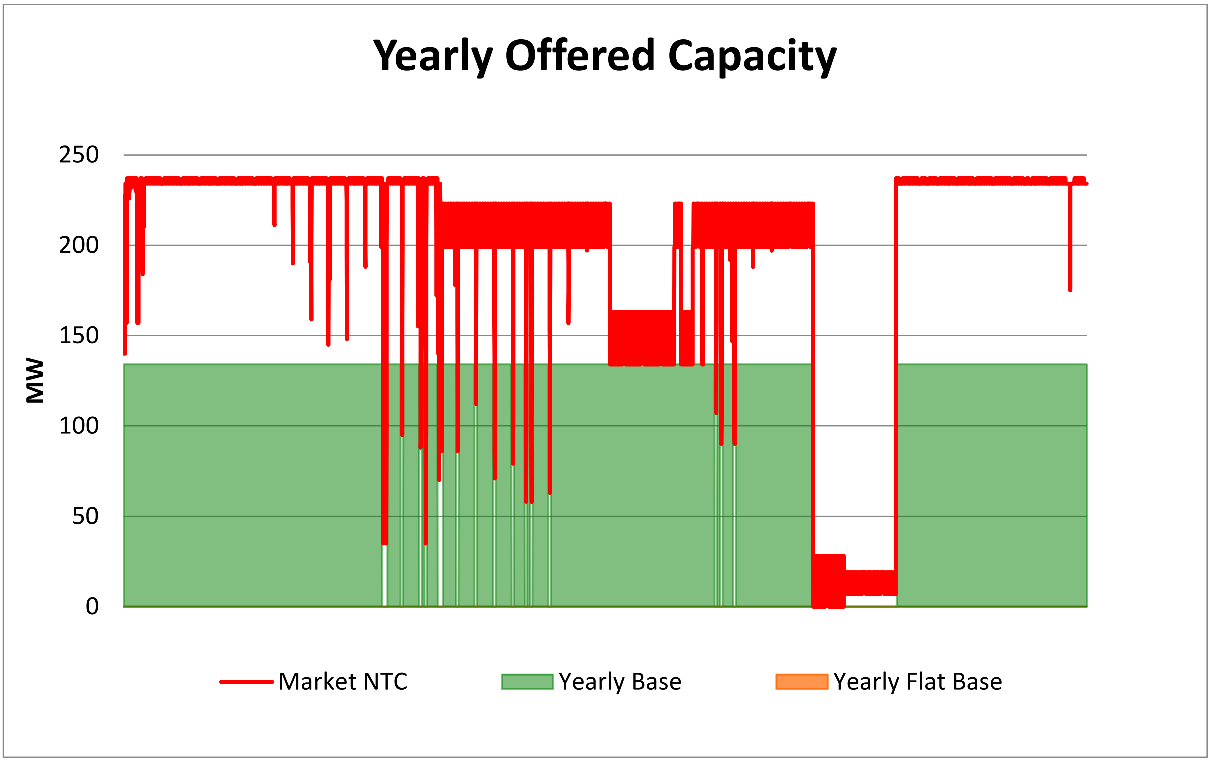


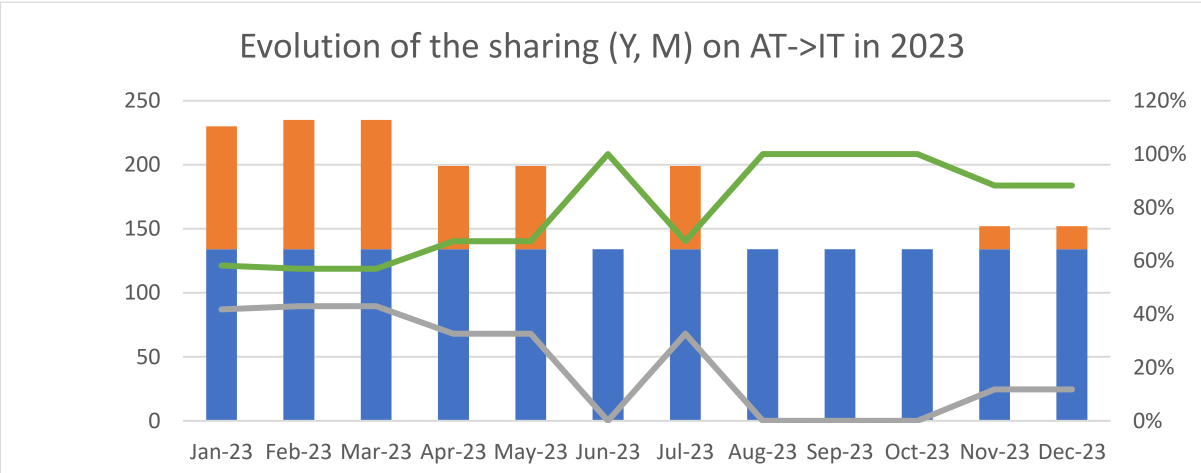
The graphs above shows that the underpricing was quite significant especially due to fact that most of capacities were allocated on yearly auction.

AT-IT

Looking at the year 2023, the Y product increased significantly from 90 MW offered in 2022 to 134 MW in 2023 for the AT-IT direction. Also for the monthly product, quite appropriate volumes were offered for the commercially more interesting direction AT-IT.

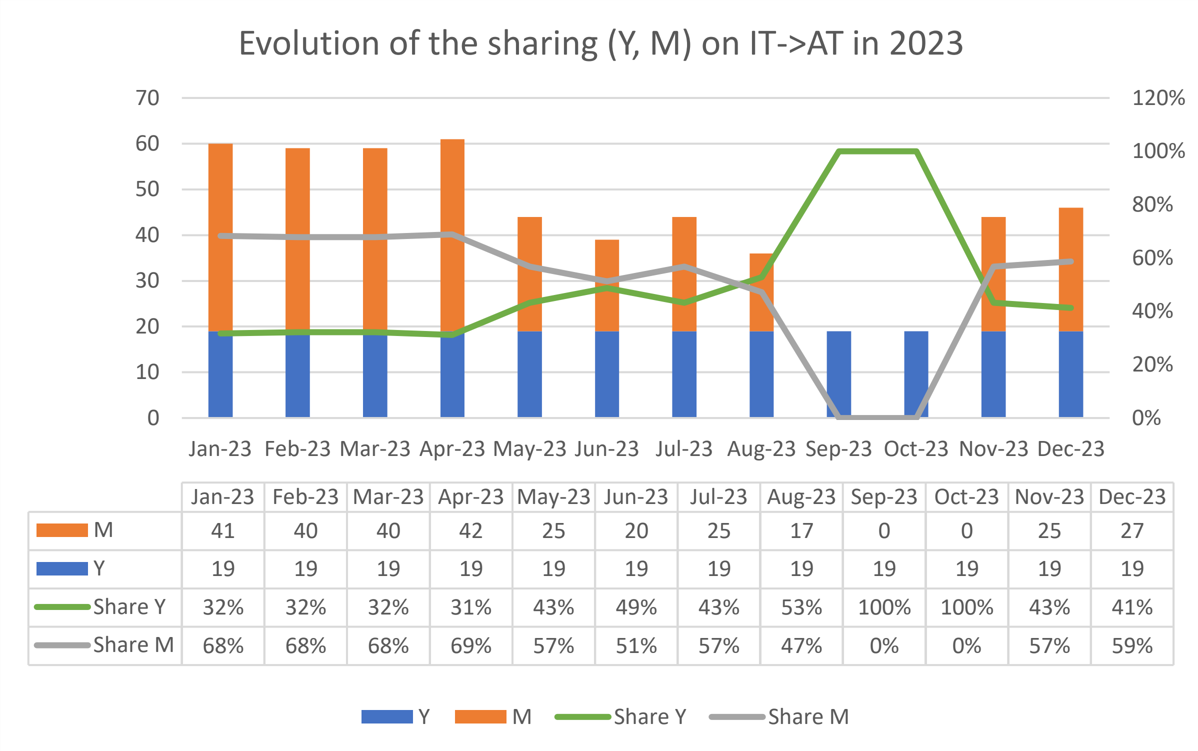
The yearly product represents between 57% and 100% of the overall long-term capacity allocation and thus constitutes the largest proportion of sold capacities. For the monthly timeframe, this share ranges from 0% to 43%.





	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	96	101	101	65	65	0	65	0	0	0	18	18
Y	134	134	134	134	134	134	134	134	134	134	134	134
Share Y	58%	57%	57%	67%	67%	100%	67%	100%	100%	100%	88%	88%
Share M	42%	43%	43%	33%	33%	0%	33%	0%	0%	0%	12%	12%

For the less commercially interesting IT>AT direction, the total values became low due to the relatively low limits for offered capacity: 20% for yearly capacity and 50% for yearly plus monthly offered LT capacity, related to LT average capacity. Regardless, the sharing between Y- and M-products seems appropriate, and the hedging needs also seem to be sufficiently considered given the low prices for allocated LT capacity in that direction.

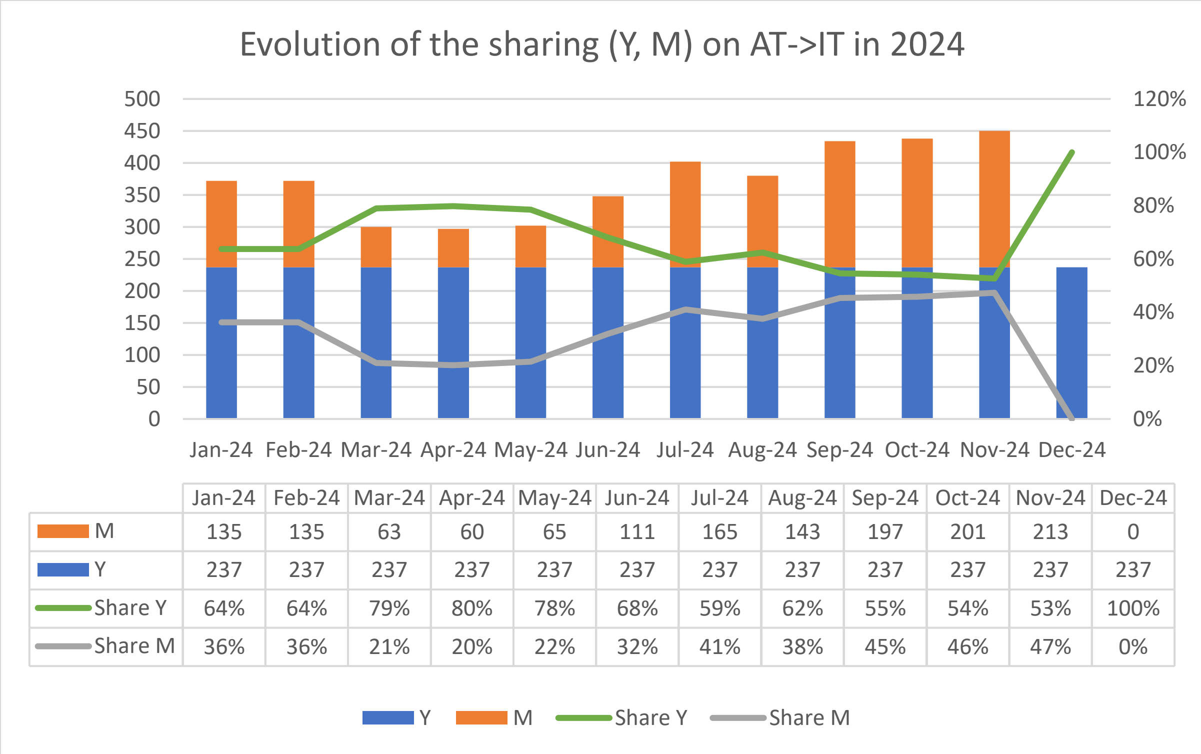


	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
M	41	40	40	42	25	20	25	17	0	0	25	27
Y	19	19	19	19	19	19	19	19	19	19	19	19
Share Y	32%	32%	32%	31%	43%	49%	43%	53%	100%	100%	43%	41%
Share M	68%	68%	68%	69%	57%	51%	57%	47%	0%	0%	57%	59%

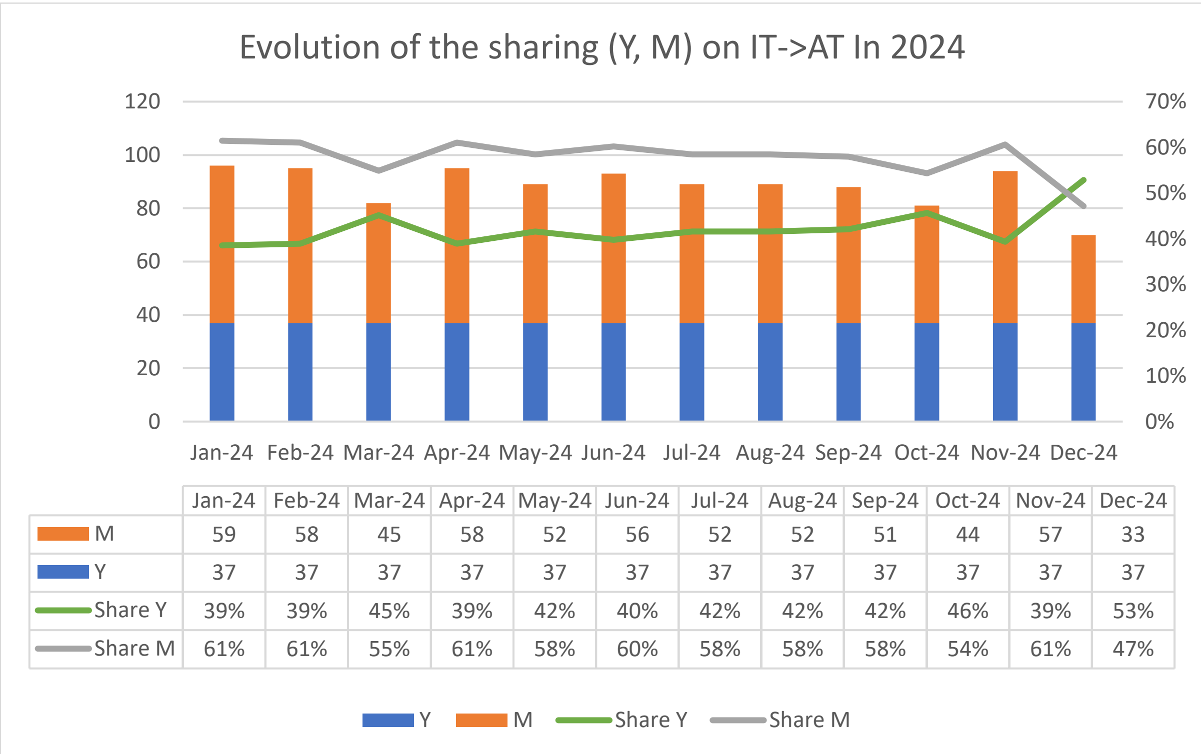
Based on the fact that only two lines are currently operated on the AT-IT border, it could be observed that, in situations where one of those two lines has to be switched off for several periods of time due to network security reasons, no M product could be allocated (see autumn 2023). This led to PVP reductions and even a PVP of 0% during some months in 2023.

Looking at 2024, capacities increased significantly for both Y- and the M-products in both directions (AT – IT and IT – AT). This is linked to the commissioning of a new 220kV-line which became operational at the end of 2023.

Planned outages during the spring months (April, May, June) led to lower capacities being sold in this timeframe in the direction AT – IT. Nevertheless, PVP values were stable and ranging between 80% and 100% for both timeframes, the only exception being October 2024. The share of the capacities allocated to the yearly timeframe is between 53% and 80%, for the monthly timeframe between 47% and 20% for this direction.



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	135	135	63	60	65	111	165	143	197	201	213	0
Y	237	237	237	237	237	237	237	237	237	237	237	237
Share Y	64%	64%	79%	80%	78%	68%	59%	62%	55%	54%	53%	100%
Share M	36%	36%	21%	20%	22%	32%	41%	38%	45%	46%	47%	0%



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
M	59	58	45	58	52	56	52	52	51	44	57	33
Y	37	37	37	37	37	37	37	37	37	37	37	37
Share Y	39%	39%	45%	39%	42%	40%	42%	42%	42%	46%	39%	53%
Share M	61%	61%	55%	61%	58%	60%	58%	58%	58%	54%	61%	47%

For the IT-AT direction, the splitting between the yearly and monthly timeframe remained stable throughout the year, with between 39% to 53% being allocated to the yearly timeframe and between 47% to 61% to the monthly timeframe. PVP values were stable and high for both timeframes in this direction.

3. Conclusion 2023-2024

The analysis of the 2023–2024 period is presented with reference to the Splitting Methodology version applied since 2021. In line with Article 7 of the *Splitting Methodology*, the report provides an assessment of the results observed on the Italy North borders during the period under review.

Overall, the results confirm that the 2021 methodology ensured the allocation of long-term capacities in both yearly and monthly timeframes, while showing different patterns across borders and directions. On FR-IT, the allocation remained broadly stable, with a larger share generally allocated in the yearly timeframe. On SI-IT, especially in the import direction towards Italy, a significant concentration of capacity on the yearly product was observed, resulting in very limited monthly hedging opportunities in some periods. Also at the AT–IT border, most long-term capacity was allocated via yearly products (generally above 50%), with monthly products playing a complementary role, particularly during topology constraints and outages in 2023. The commissioning of a new line increased available capacity in 2024, leading to higher allocations across both timeframes and directions, with overall stable and balanced splitting.

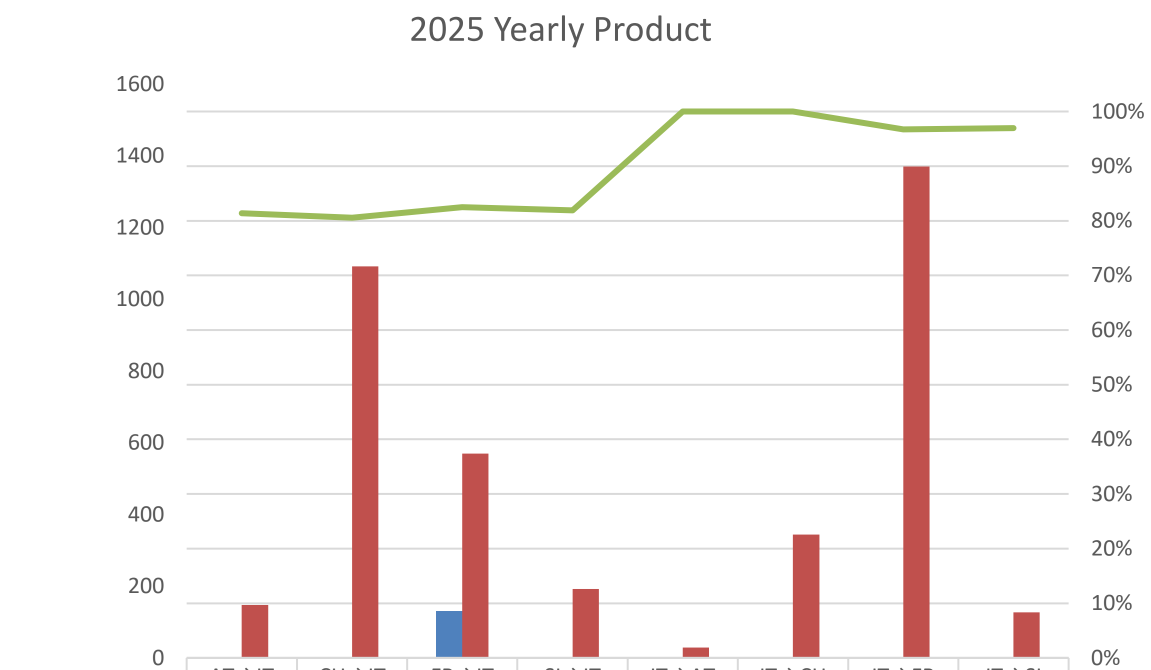
The assessment also shows that, under the 2021 methodology, the balance between yearly and monthly products was not uniform across all borders. In particular, the SI-IT import direction and, to a lesser extent, the AT-IT import direction showed situations where the monthly timeframe could offer only limited capacity, while the export directions generally remained more stable and in line with the expected market interest.

As illustrated by these results, the amendment implemented from Bidding Year 2025 was intended to address the excessive concentration of capacity in the yearly timeframe on some import directions and the resulting limited availability of monthly hedging opportunities. In particular, it aimed to support a more balanced distribution of long-term capacity between yearly and monthly auctions, to improve the availability of monthly products where this had been structurally constrained, and to reduce the risk of situations in which the monthly timeframe could provide little or no effective hedging value for market participants.

These conclusions should therefore be read as a summary of the performance of the Splitting Methodology version applied since 2021 and as the analytical basis for the amendment that became effective from Bidding Year 2025. The impact of that amended framework is assessed separately in the following section.

4. Splitting Methodology 2025-2026

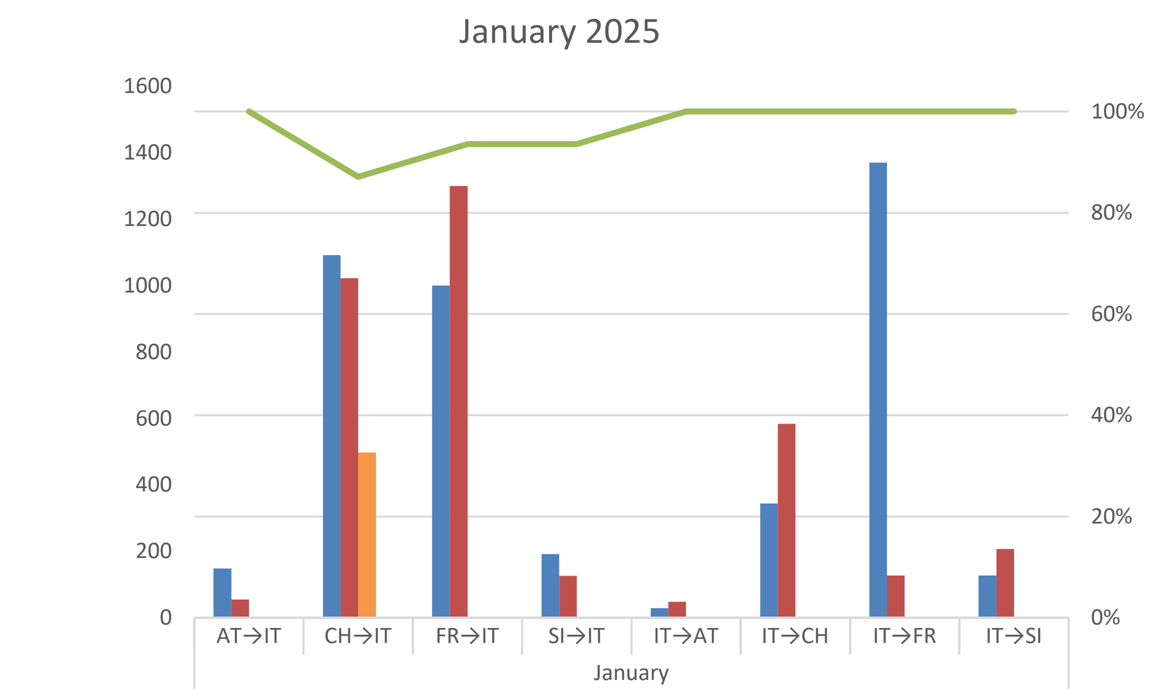
4.1. Yearly product 2025



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
Yearly Flat			130					
Yearly Base	148	1092	570	192	29	344	1370	127
PVP	81.38%	80.56%	82.48%	81.93%	100.00%	100.00%	96.71%	96.99%

4.2. Monthly Products 2025

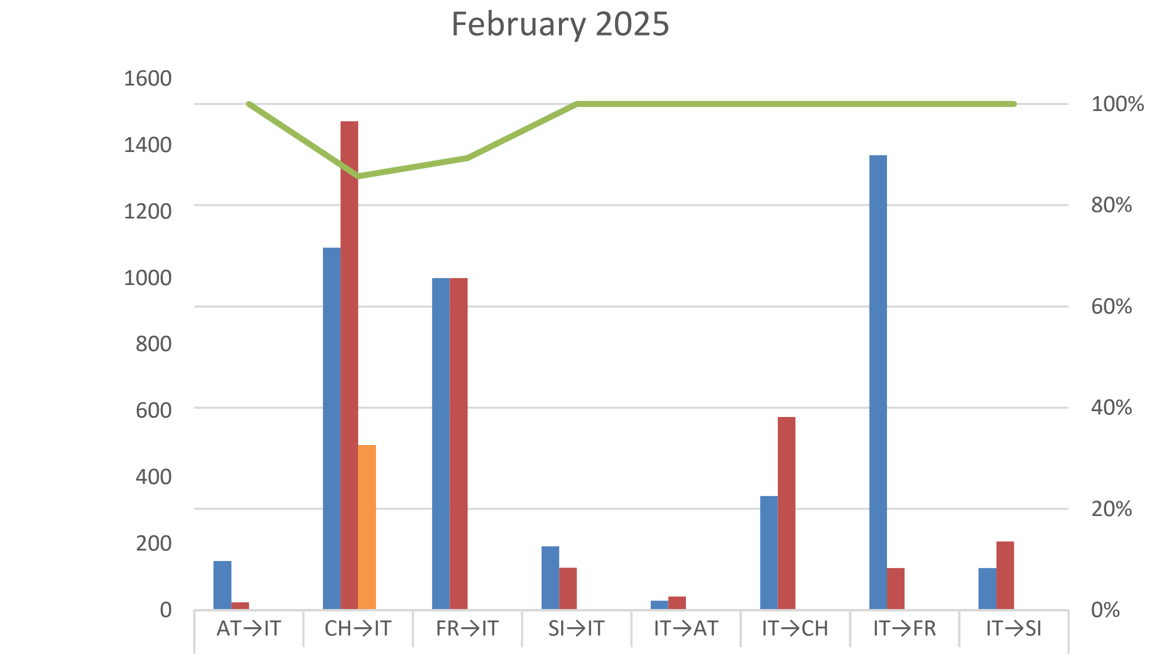
January 2025



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	55	1022	1300	126	48	584	127	207
Monthly Peak		497						
PVP Monthly Peak		86.96%						
PVP Monthly Base	100.00%	87.10%	93.55%	93.55%	100.00%	100.00%	100.00%	100.00%

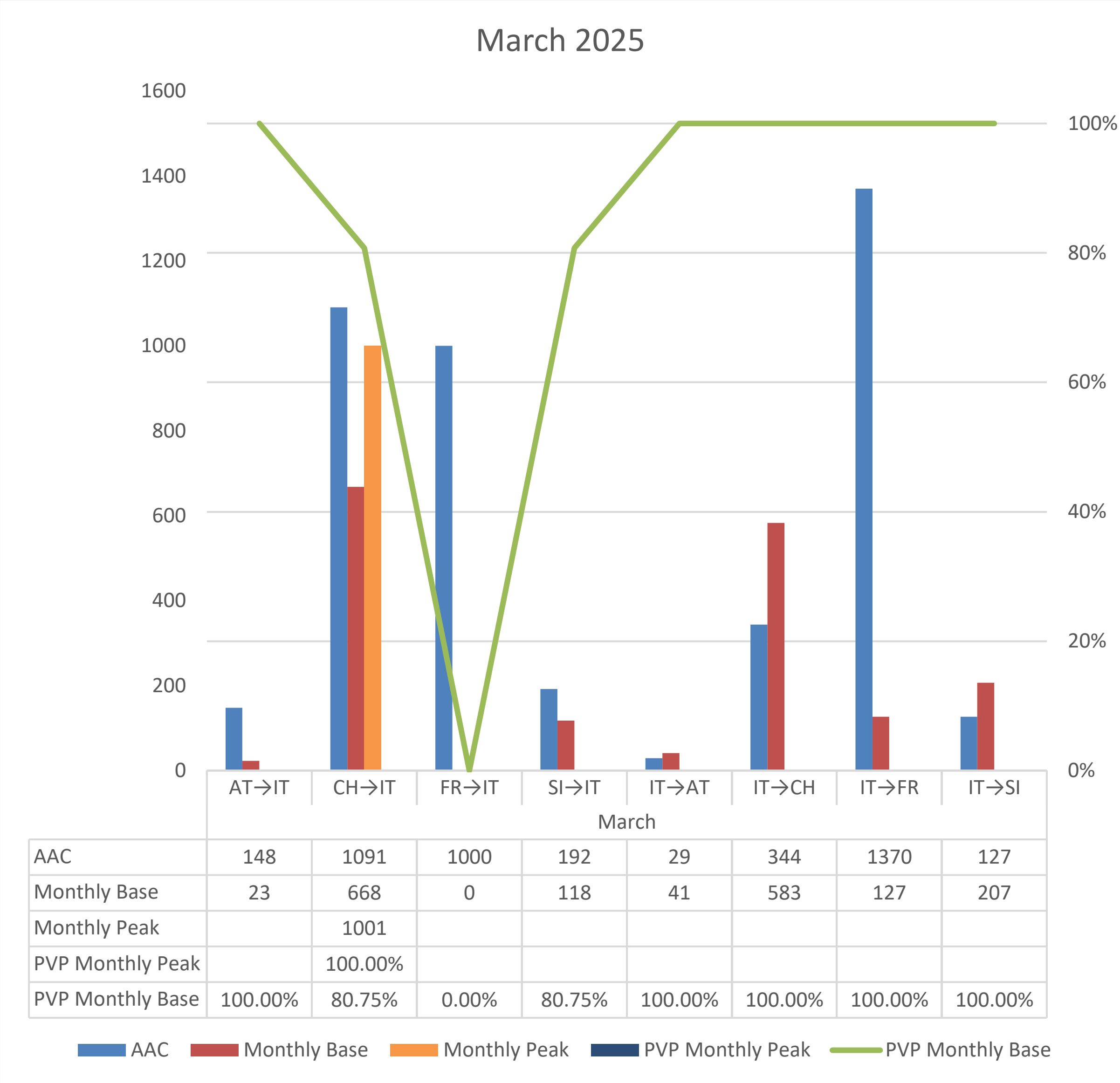
AAC Monthly Base Monthly Peak PVP Monthly Peak PVP Monthly Base

February 2025



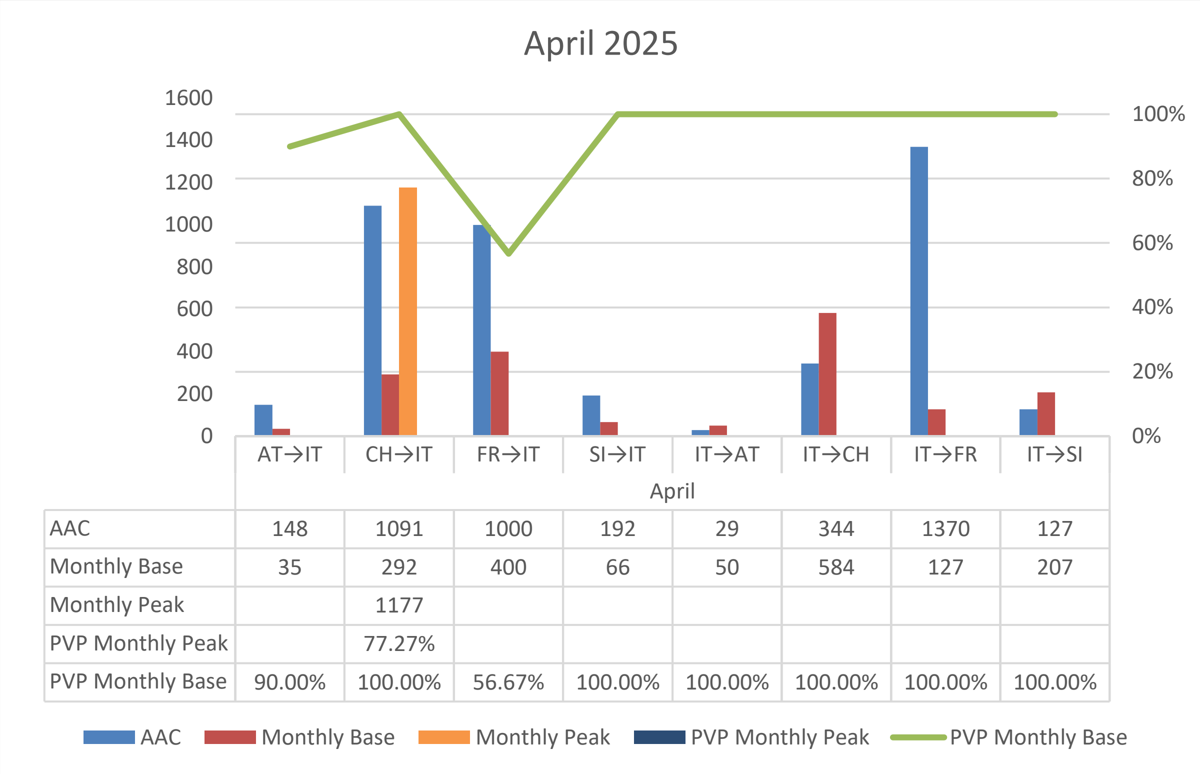
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	24	1472	1000	128	41	582	127	207
Monthly Peak		497						
PVP Monthly Peak		95.00%						
PVP Monthly Base	100.00%	85.71%	89.29%	100.00%	100.00%	100.00%	100.00%	100.00%

March 2025



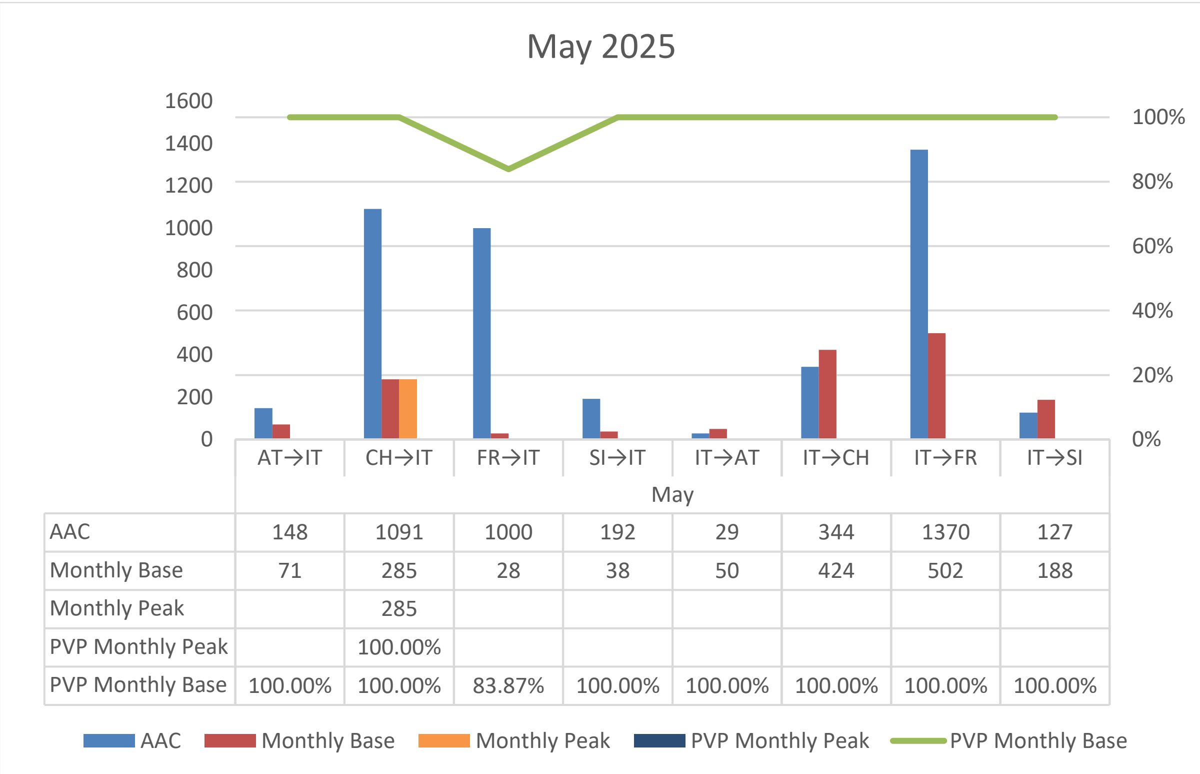
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	23	668	0	118	41	583	127	207
Monthly Peak		1001						
PVP Monthly Peak		100.00%						
PVP Monthly Base	100.00%	80.75%	0.00%	80.75%	100.00%	100.00%	100.00%	100.00%

April 2025



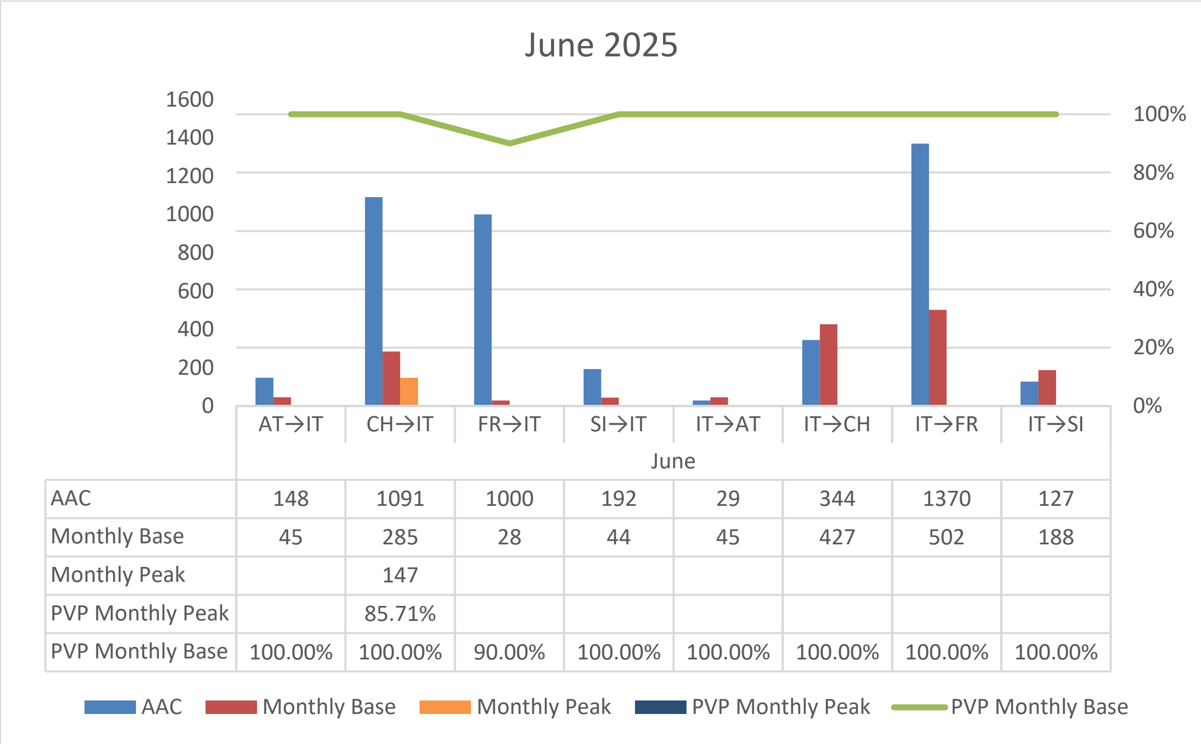
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	35	292	400	66	50	584	127	207
Monthly Peak		1177						
PVP Monthly Peak		77.27%						
PVP Monthly Base	90.00%	100.00%	56.67%	100.00%	100.00%	100.00%	100.00%	100.00%

May 2025



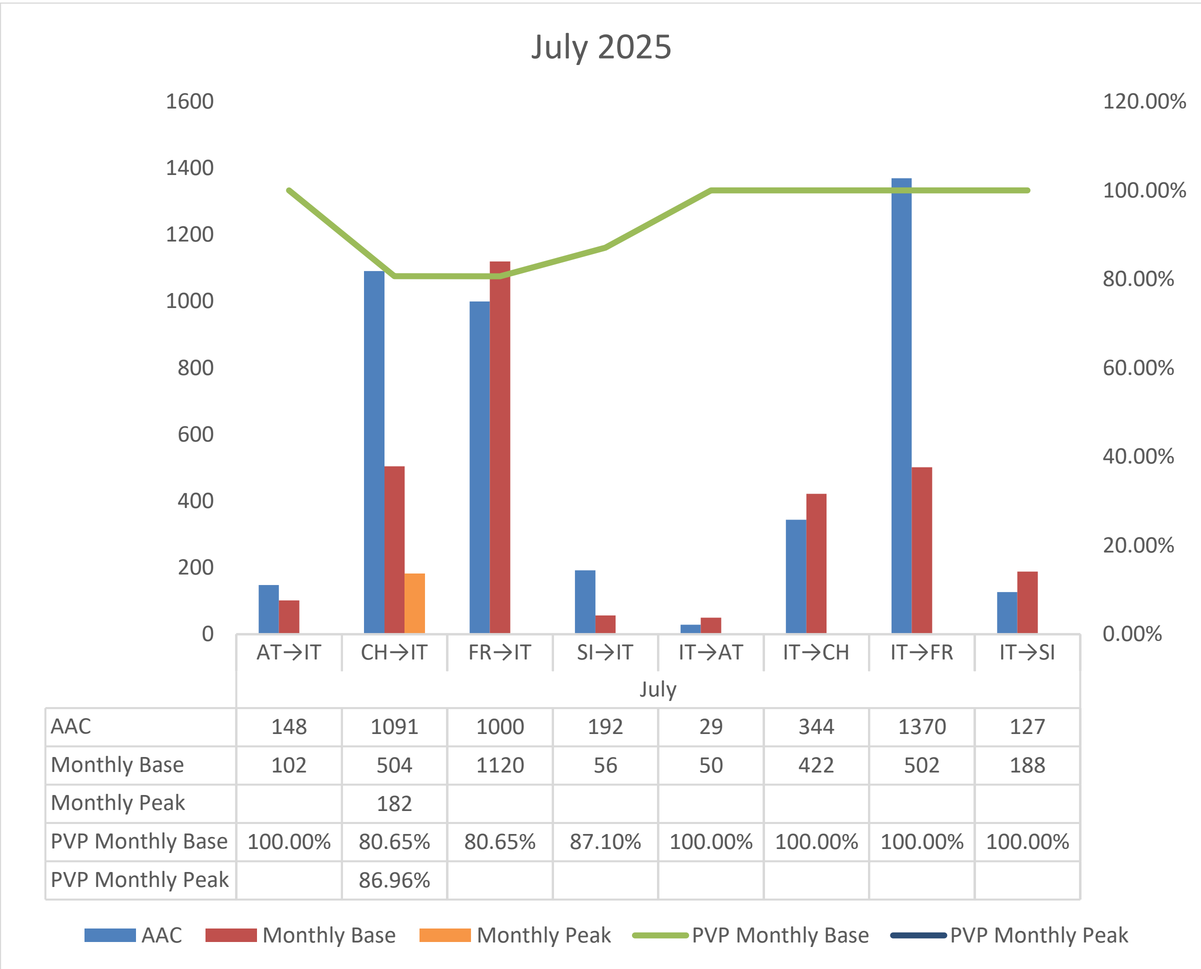
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	71	285	28	38	50	424	502	188
Monthly Peak		285						
PVP Monthly Peak		100.00%						
PVP Monthly Base	100.00%	100.00%	83.87%	100.00%	100.00%	100.00%	100.00%	100.00%

June 2025



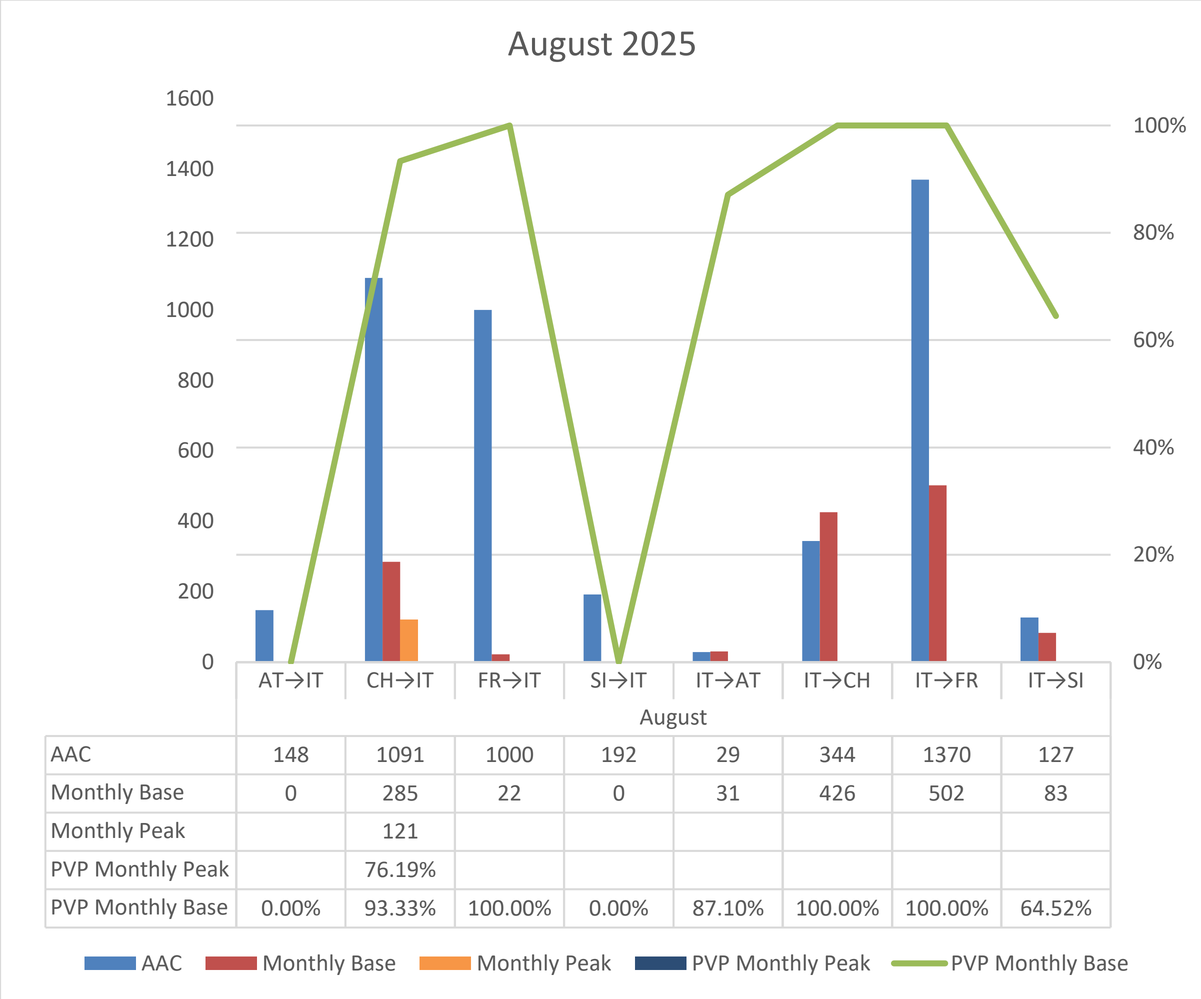
June	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	45	285	28	44	45	427	502	188
Monthly Peak		147						
PVP Monthly Peak		85.71%						
PVP Monthly Base	100.00%	100.00%	90.00%	100.00%	100.00%	100.00%	100.00%	100.00%

July 2025



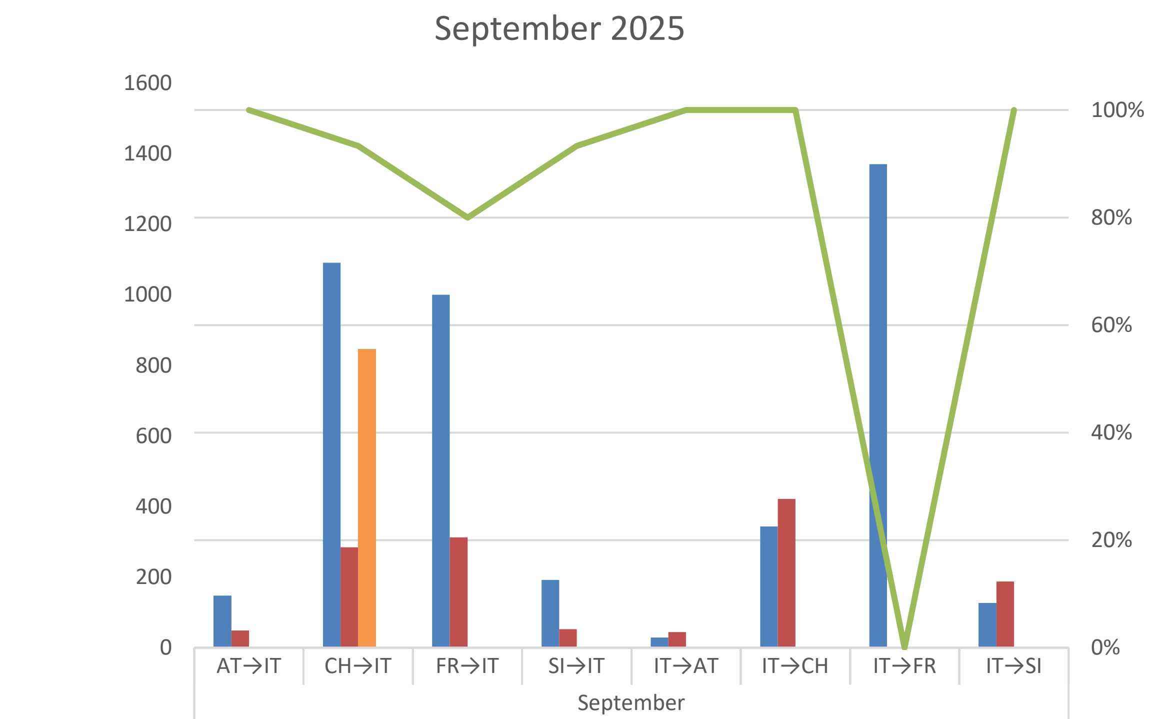
July	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	102	504	1120	56	50	422	502	188
Monthly Peak		182						
PVP Monthly Base	100.00%	80.65%	80.65%	87.10%	100.00%	100.00%	100.00%	100.00%
PVP Monthly Peak		86.96%						

August 2025



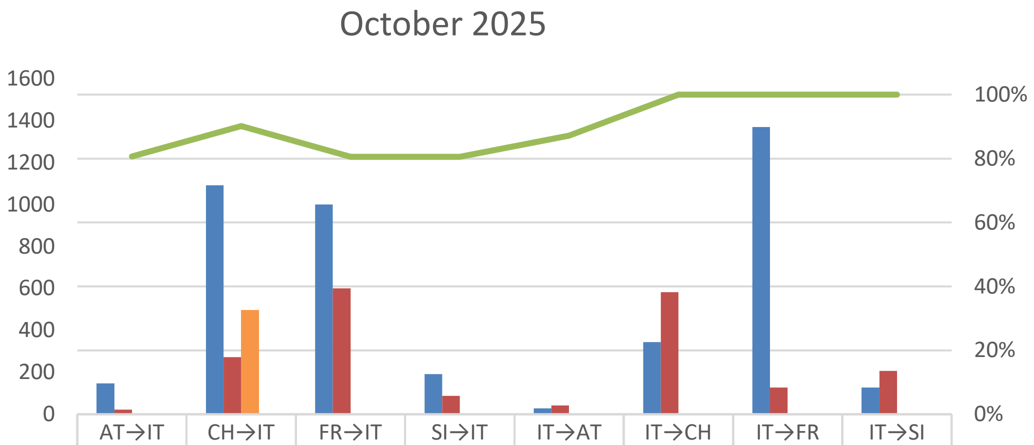
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	0	285	22	0	31	426	502	83
Monthly Peak		121						
PVP Monthly Peak		76.19%						
PVP Monthly Base	0.00%	93.33%	100.00%	0.00%	87.10%	100.00%	100.00%	64.52%

September 2025



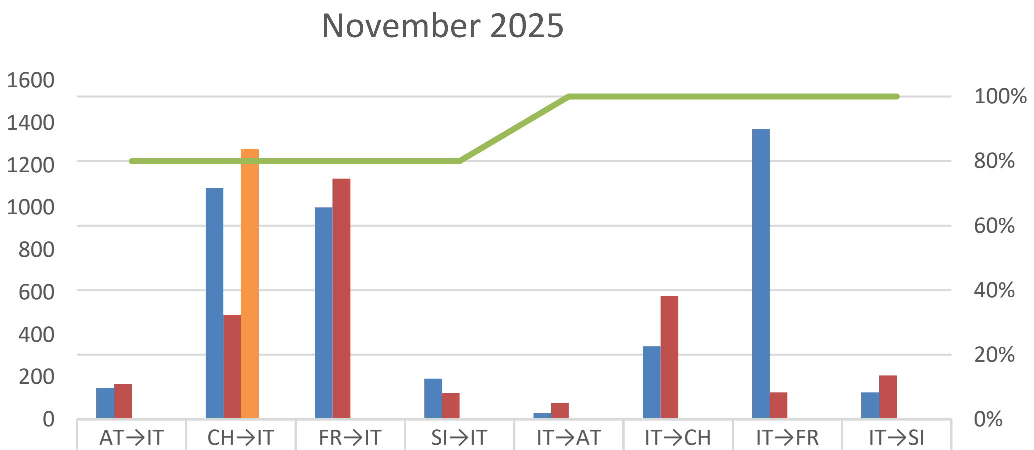
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	49	285	313	53	44	422	0	188
Monthly Peak		847						
PVP Monthly Peak		100.00%						
PVP Monthly Base	100.00%	93.33%	80.00%	93.33%	100.00%	100.00%	0.00%	100.00%

October 2025



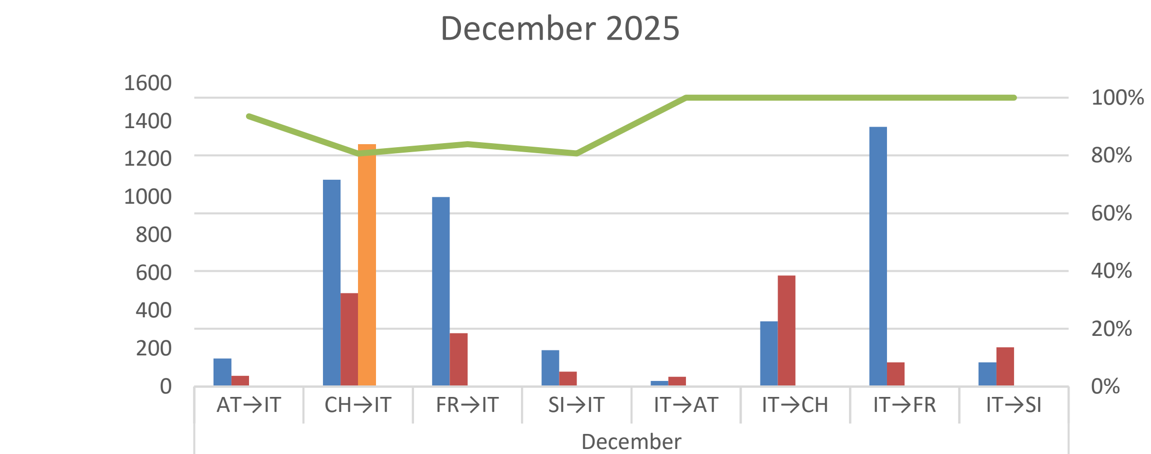
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	22	272	600	88	42	582	127	207
Monthly Peak		497						
PVP Monthly Peak		86.96%						
PVP Monthly Base	80.67%	90.20%	80.54%	80.54%	87.11%	100.00%	100.00%	100.00%

November 2025



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	166	493	1137	124	77	584	127	207
Monthly Peak		1276						
PVP Monthly Peak		90.00%						
PVP Monthly Base	80.00%	80.00%	80.00%	80.00%	100.00%	100.00%	100.00%	100.00%

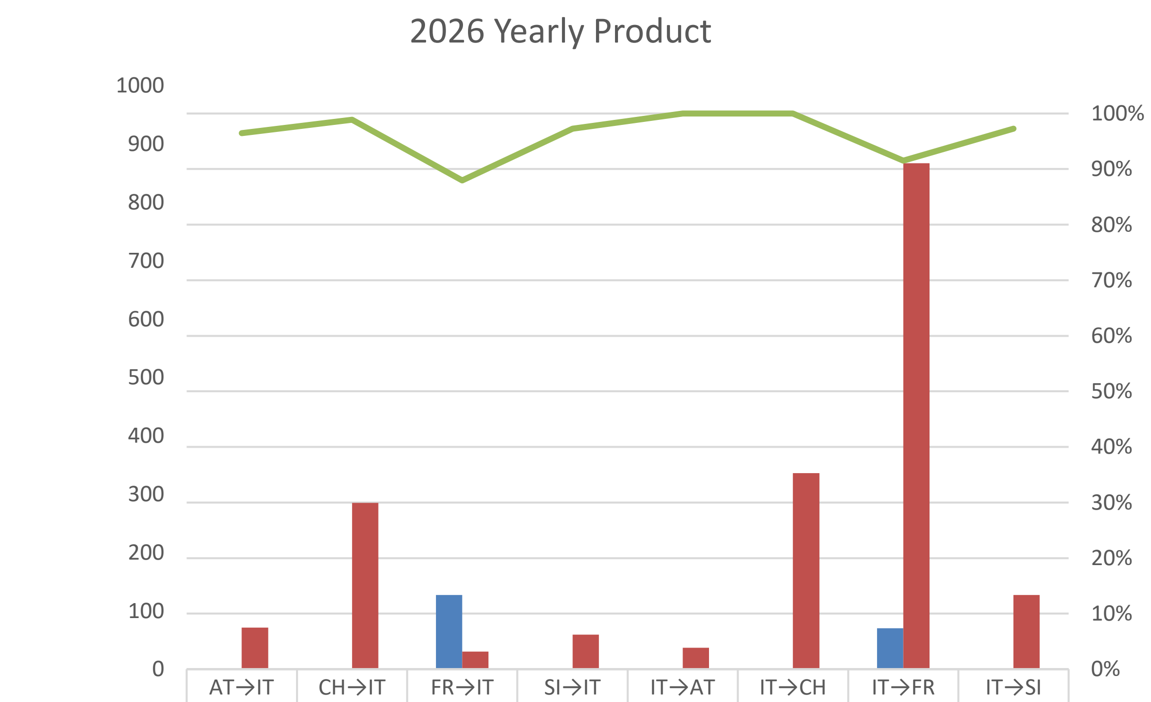
December 2025



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	148	1091	1000	192	29	344	1370	127
Monthly Base	56	493	282	79	52	585	127	207
Monthly Peak		1276						
PVP Monthly Peak		73.91%						
PVP Monthly Base	93.55%	80.65%	83.87%	80.65%	100.00%	100.00%	100.00%	100.00%

AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

4.3. Yearly product 2026

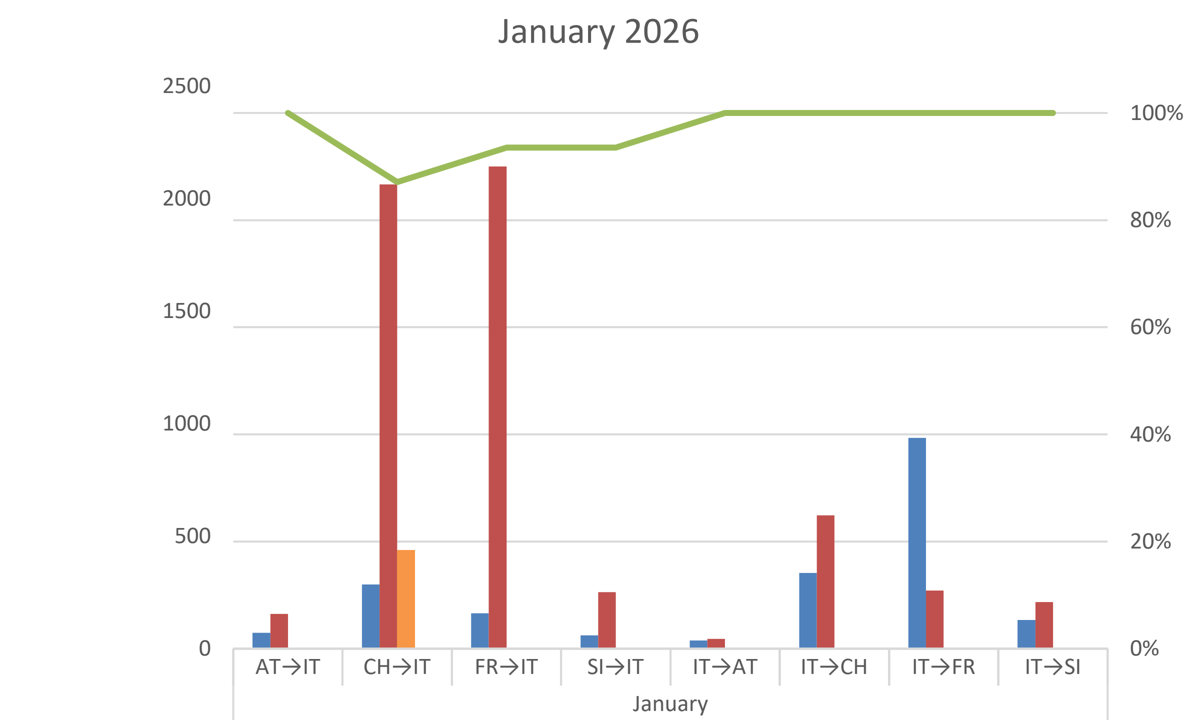


	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
Yearly Flat			127				70	
Yearly Base	71	285	30	59	37	336	867	127
PVP	96.45%	98.90%	87.96%	97.26%	100.00%	100.00%	91.51%	97.26%

Yearly Flat   Yearly Base   PVP

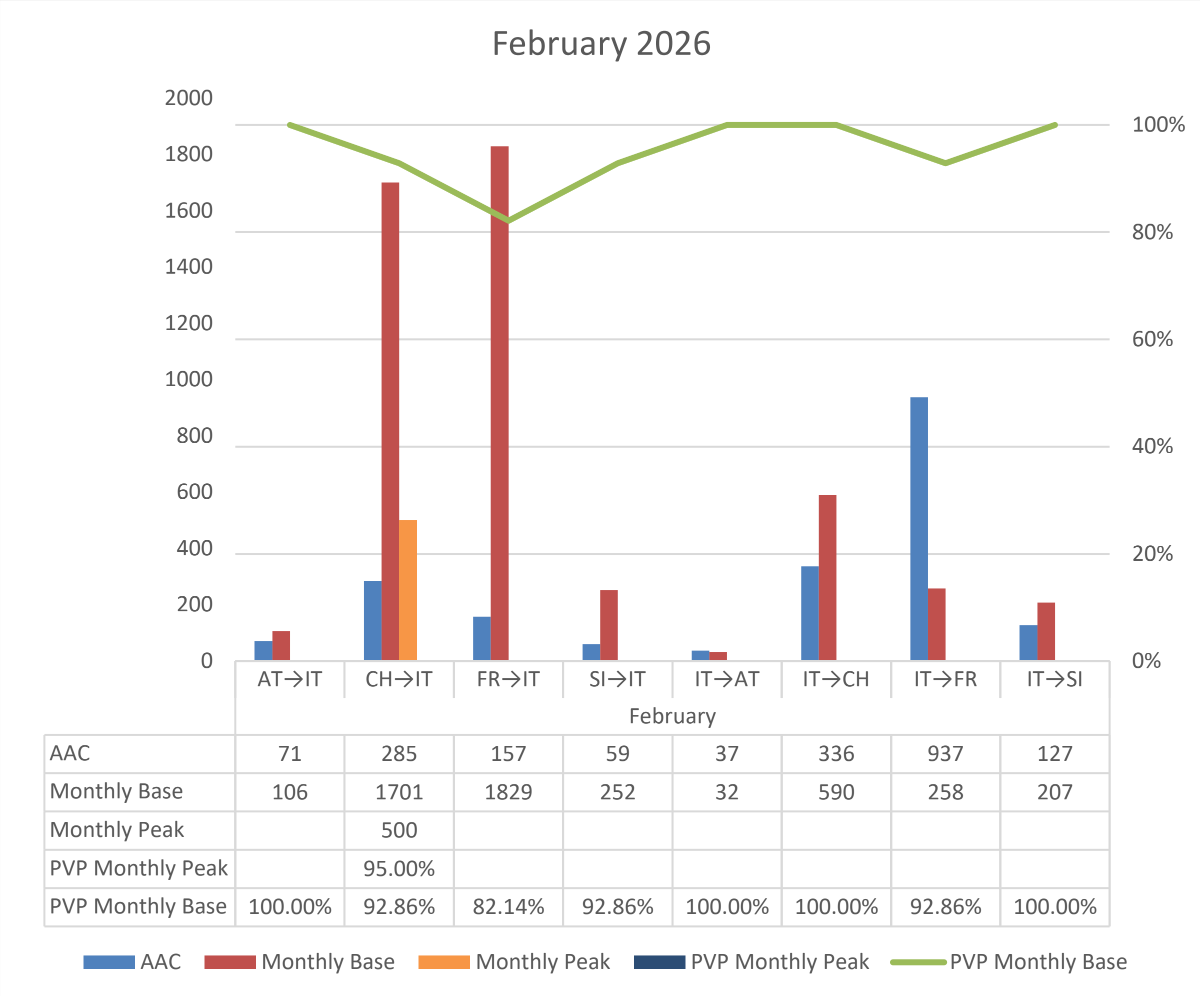
4.4. Monthly Products 2026

January 2026



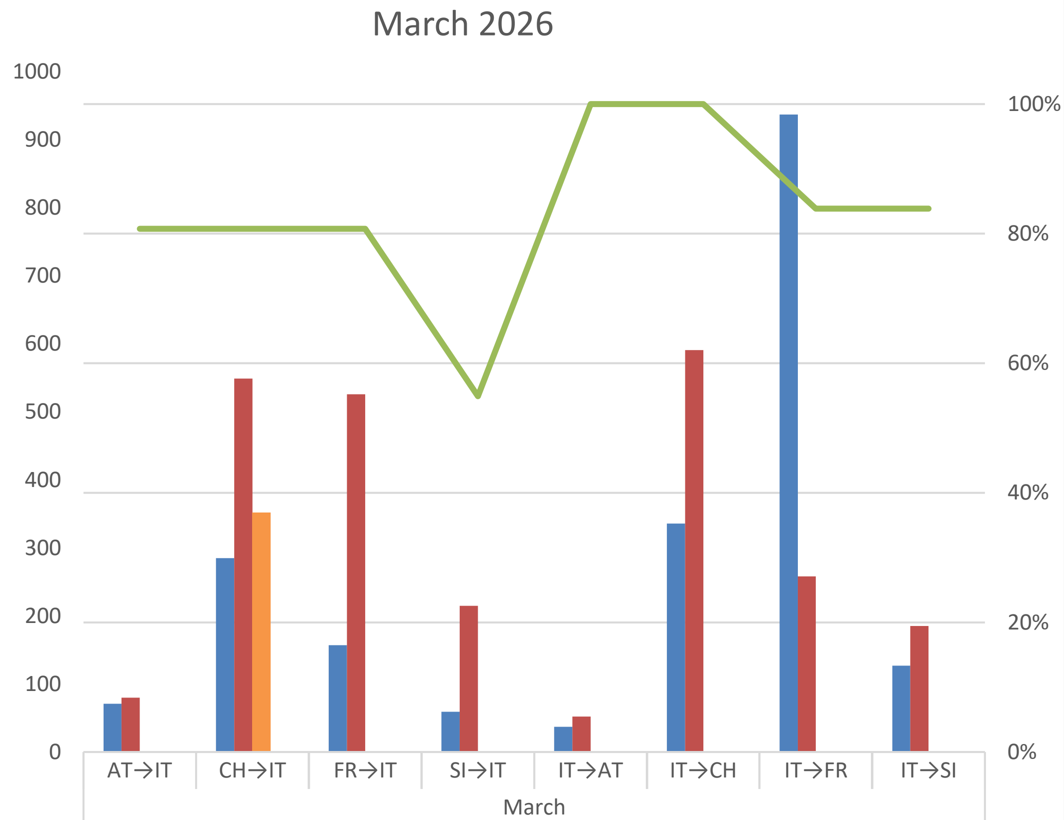
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	154	2064	2143	251	44	592	258	207
Monthly Peak		437						
PVP Monthly Peak		86.36%						
PVP Monthly Base	100.00%	87.10%	93.55%	93.55%	100.00%	100.00%	100.00%	100.00%

February 2026



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	106	1701	1829	252	32	590	258	207
Monthly Peak		500						
PVP Monthly Peak		95.00%						
PVP Monthly Base	100.00%	92.86%	82.14%	92.86%	100.00%	100.00%	92.86%	100.00%

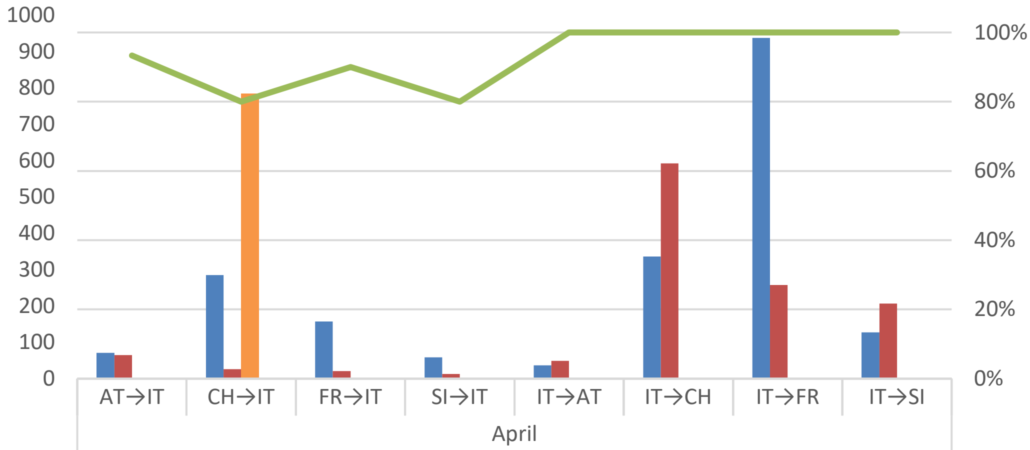
March 2026



	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	80	549	526	215	52	591	258	185
Monthly Peak		352						
PVP Monthly Peak		100.00%						
PVP Monthly Base	80.75%	80.75%	80.75%	54.91%	100.00%	100.00%	83.85%	83.85%

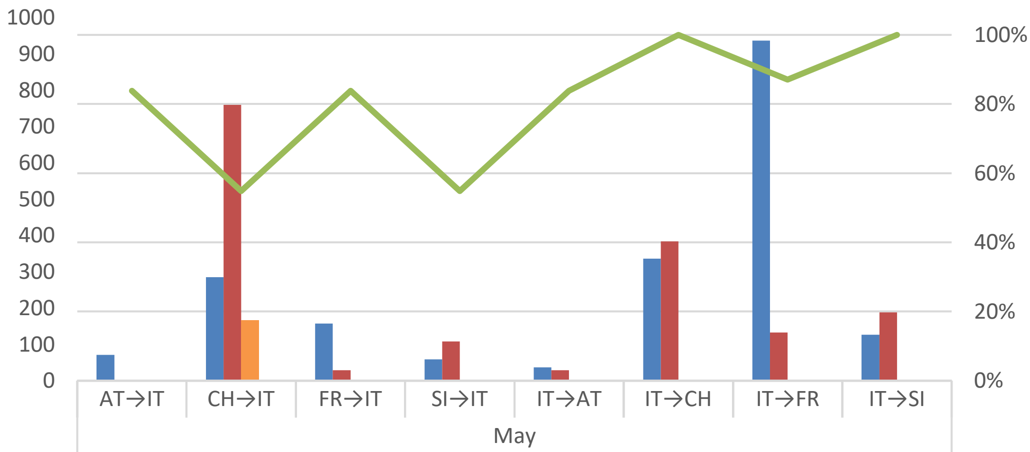
AAC   Monthly Base   Monthly Peak   PVP Monthly Peak   PVP Monthly Base

April 2026



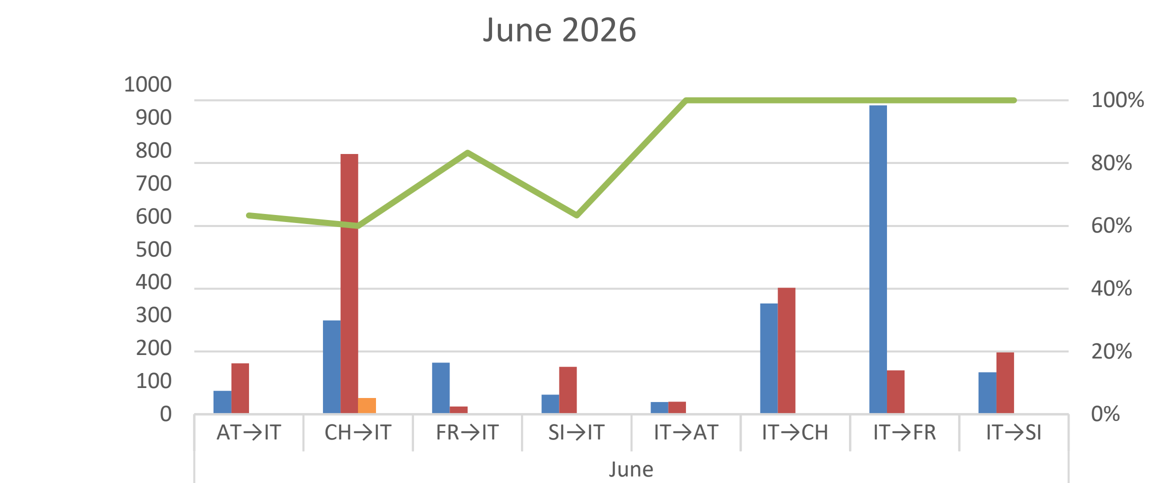
April	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	65	26	21	13	49	592	258	207
Monthly Peak		784						
PVP Monthly Peak		77.27%						
PVP Monthly Base	93.33%	80.00%	90.00%	80.00%	100.00%	100.00%	100.00%	100.00%

May 2026



May	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	1	760	29	108	29	384	133	188
Monthly Peak		167						
PVP Monthly Peak		76.19%						
PVP Monthly Base	83.87%	54.84%	83.87%	54.84%	83.87%	100.00%	87.10%	100.00%

June 2026



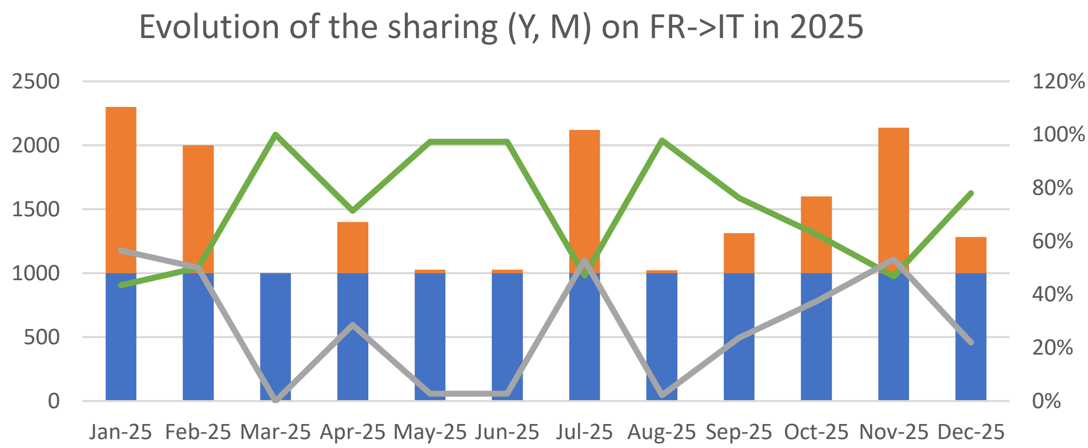
	AT→IT	CH→IT	FR→IT	SI→IT	IT→AT	IT→CH	IT→FR	IT→SI
AAC	71	285	157	59	37	336	937	127
Monthly Base	155	790	24	144	38	384	133	188
Monthly Peak		50						
PVP Monthly Peak		81.82%						
PVP Monthly Base	63.33%	60.00%	83.33%	63.33%	100.00%	100.00%	100.00%	100.00%

4.5. Summary 2025-2026

FR-IT

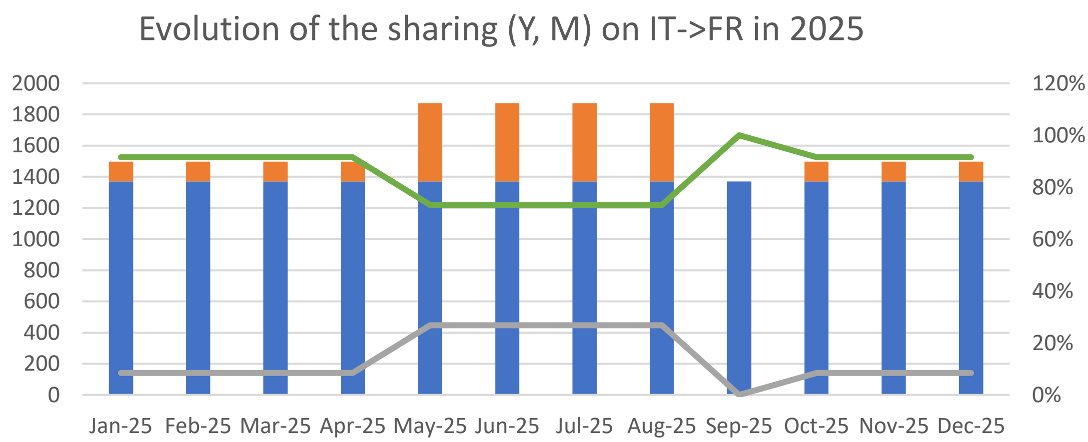
In 2025, the offered capacity in the FR→IT and IT→FR yearly auctions decreased by 38% and 20% respectively compared to 2024. This reduction can be attributed to lower long-term capacity calculation results, as historical data from 2024 – a year in which significant constraints were observed on the border – were taken into account. In addition, both the frequency and severity of allocation constraints were higher. The share of monthly products varied significantly in the FR→IT direction, ranging from 2% to 57% of the combined yearly and monthly offered capacity.

2026 was an exceptional year, as the offered capacity in the FR→IT direction at yearly auctions decreased sharply once again. This drop was mainly driven by more frequent allocation constraints. Combined with the applied splitting parameters, this resulted in only 457 MW being offered in the yearly timeframe. Allocation constraints also had a strong impact on monthly capacities and on the ratio between yearly and monthly products, being less frequent in January and February, but much more from April to June.



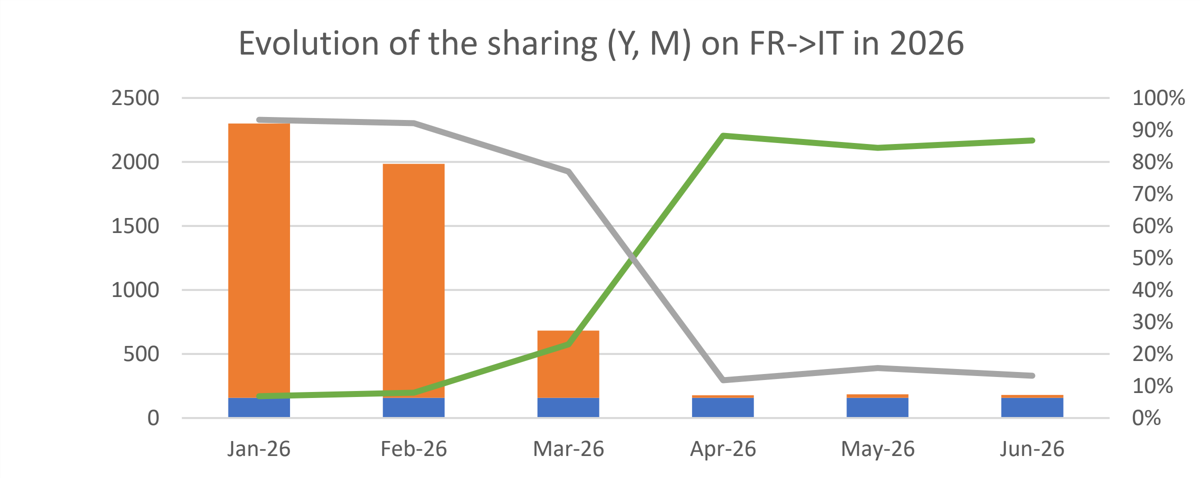
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	1300	1000	0	400	28	28	1120	22	313	600	1137	282
Y	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Share Y	43%	50%	100%	71%	97%	97%	47%	98%	76%	63%	47%	78%
Share M	57%	50%	0%	29%	3%	3%	53%	2%	24%	38%	53%	22%

Y M Share Y Share M

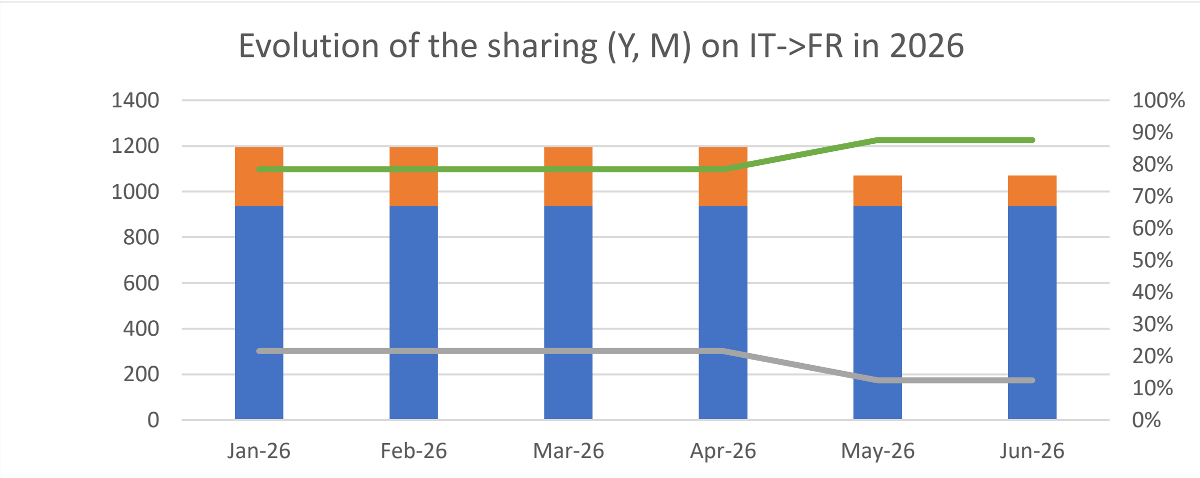


	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	127	127	127	127	502	502	502	502	0	127	127	127
Y	1370	1370	1370	1370	1370	1370	1370	1370	1370	1370	1370	1370
Share Y	92%	92%	92%	92%	73%	73%	73%	73%	100%	92%	92%	92%
Share M	8%	8%	8%	8%	27%	27%	27%	27%	0%	8%	8%	8%

Y M Share Y Share M



	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	2143	1829	526	21	29	24
Y	157	157	157	157	157	157
Share Y	7%	8%	23%	88%	84%	87%
Share M	93%	92%	77%	12%	16%	13%



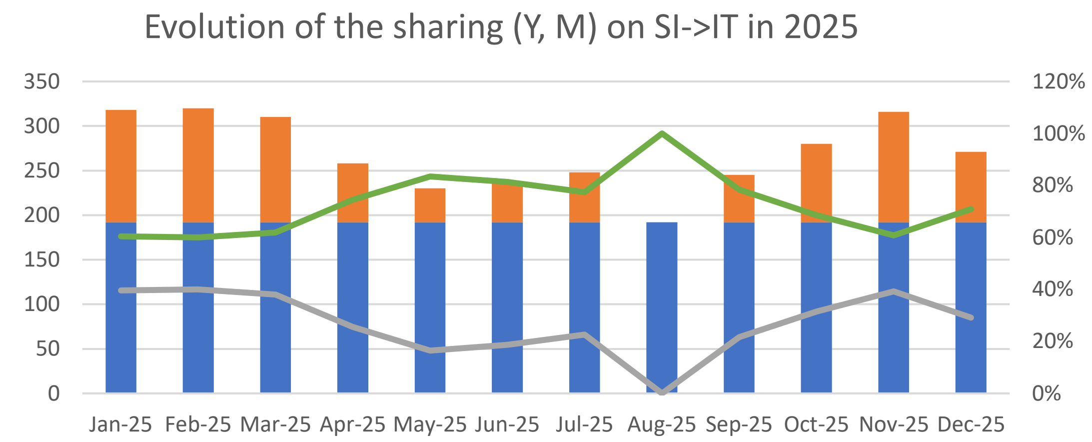
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	258	258	258	258	133	133
Y	937	937	937	937	937	937
Share Y	78%	78%	78%	78%	88%	88%
Share M	22%	22%	22%	22%	12%	12%

SI-IT

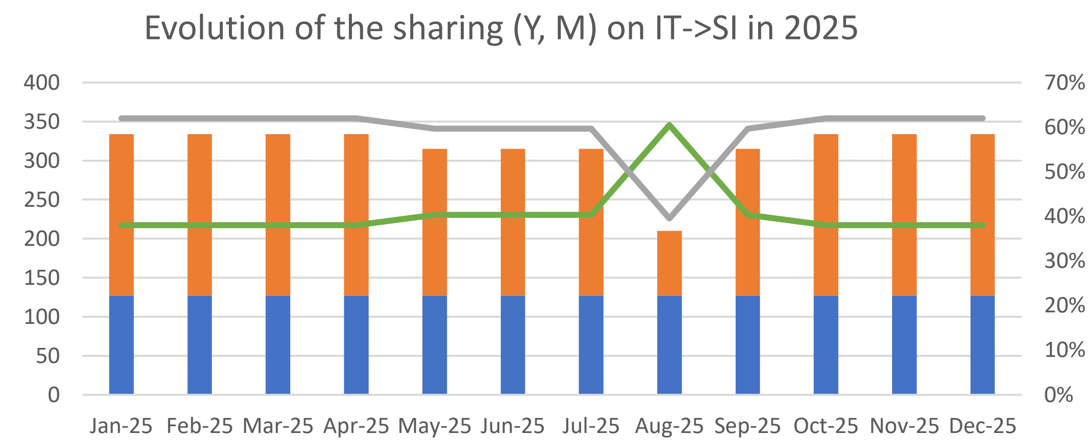
Looking at the year 2025, the offered yearly product decreased slightly in comparison to 2024. However, the percentage of allocated capacities on yearly auction remains significantly higher than on monthly. There was 73% of long-term capacities allocated on yearly auction and 27 % on monthly auction. We need to mention also that long term capacity volume offered in 2024 was quite higher than in 2025. In 2024 the monthly average long-term allocation (yearly and monthly allocation) was 345 MW and in 2025 approximately 25% less t.i. 269 MW.

We can assume that this decrease relates to capacity calculation outputs where changes in the European electricity system due to renewables are starting to show.

The PVP for yearly and monthly auctions are on high level. PVP on yearly auction was 82% and monthly average was 91%.



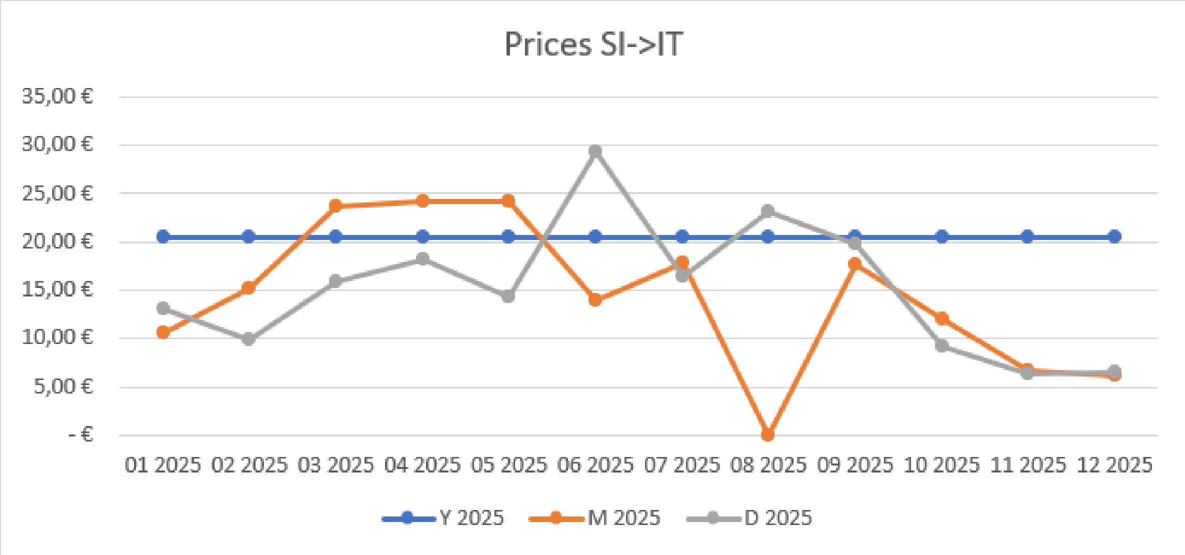
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	126	128	118	66	38	44	56	0	53	88	124	79
Y	192	192	192	192	192	192	192	192	192	192	192	192
Share Y	60%	60%	62%	74%	83%	81%	77%	100%	78%	69%	61%	71%
Share M	40%	40%	38%	26%	17%	19%	23%	0%	22%	31%	39%	29%

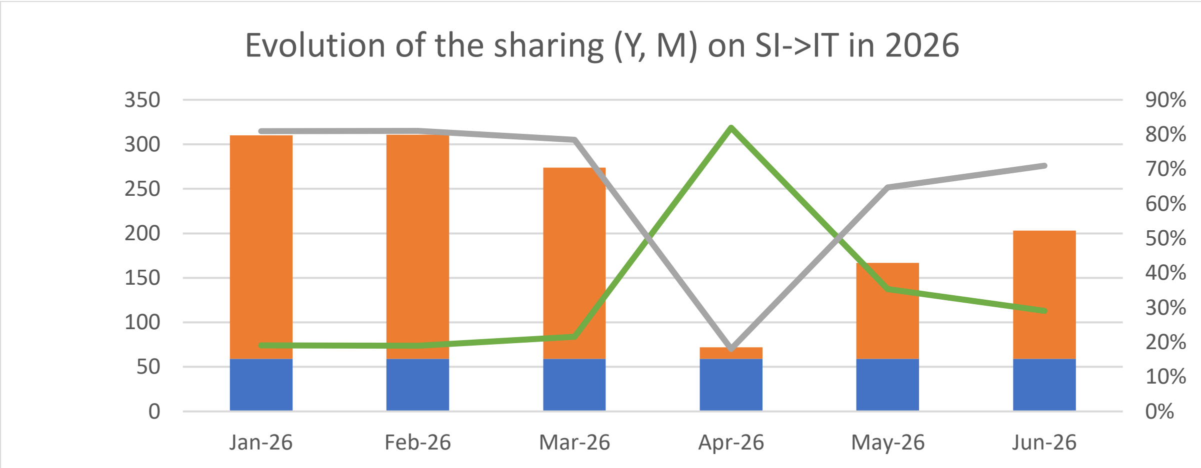


	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	207	207	207	207	188	188	188	83	188	207	207	207
Y	127	127	127	127	127	127	127	127	127	127	127	127
Share Y	38%	38%	38%	38%	40%	40%	40%	60%	40%	38%	38%	38%
Share M	62%	62%	62%	62%	60%	60%	60%	40%	60%	62%	62%	62%

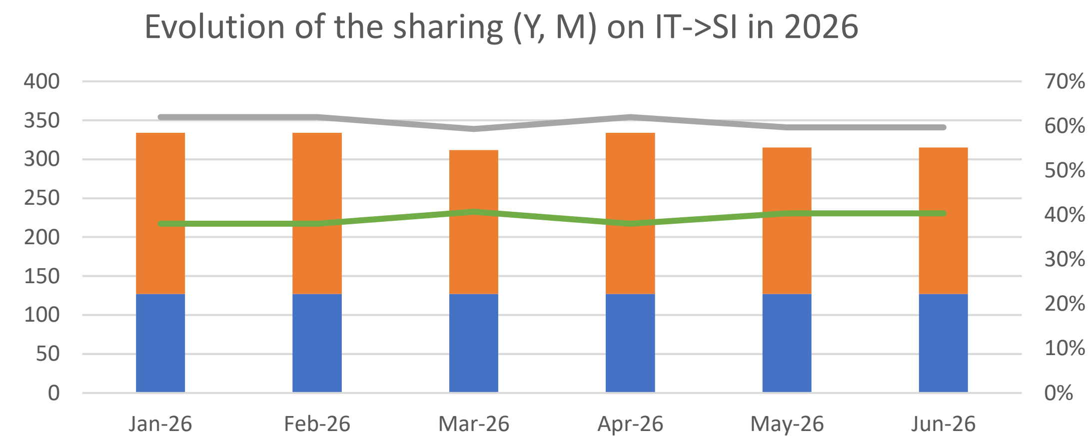
In the direction IT-SI the splitting is stable. Approximately 40% of LT capacities is allocated on yearly level and 60 % on monthly. We believe that this division is suitable due to the nature of "use" where some months are interesting in this direction and some are not. The PVP in this direction is 100% except of August were there was maintenance period that caused PVP go down to 65%.

If we look at the prices of capacity for 2025 in direction SI-IT we can see the yearly capacities was over priced. Also monthly capacity was a little bit overpriced in comparison to daily market spread.





	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	251	252	215	13	108	144
Y	59	59	59	59	59	59
Share Y	19%	19%	22%	82%	35%	29%
Share M	81%	81%	78%	18%	65%	71%



	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	207	207	185	207	188	188
Y	127	127	127	127	127	127
Share Y	38%	38%	41%	38%	40%	40%
Share M	62%	62%	59%	62%	60%	60%

Y M Share Y Share M

The splitting methodology calculated significantly lower volumes for yearly auction for 2026. This decrease relates to capacity calculation outputs where changes in the European electricity system due to renewables are starting significantly influence on capacity calculation with statistical approach. So this is the first year where in direction SI-IT yearly capacity is lower than monthly. In the first 6 months of 2026 we allocated 34% of LT capacities on yearly auction and 66% on monthly auction. The influence of renewables can also be seen on PVP of monthly auctions for direction SI-IT which has dropped in comparison to previous years. The average PVP was 73,25%.

The direction IT-SI there is no change and the products are stable as in previous years.

AT-IT

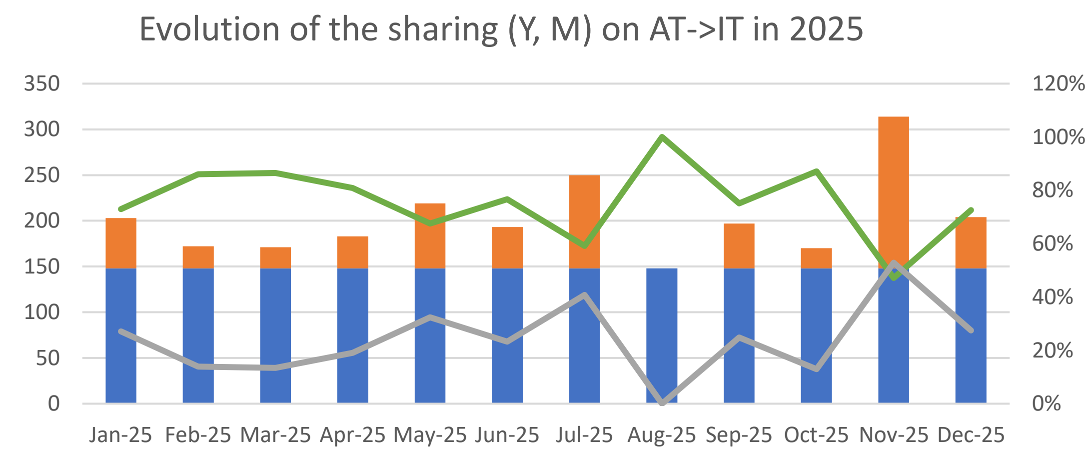
Looking at the year 2025, the offered Y-product decreased slightly in comparison to 2024, approaching 2023 levels again with 148 MW being offered in the direction AT-IT. The offered Y-product in the less commercially interesting direction IT-AT remained stable with 29 MW being offered. Also for the monthly timeframe, quite appropriate volumes were offered for both directions.

For the AT-IT direction, the yearly product represents the larger share of allocated capacity. Overall, the average share of allocated capacity represents 76% for the yearly and 24% for the monthly timeframe. PVP values were high and stable for the AT-IT direction in 2025, reaching 100% for many months during the year and more than 80% for the yearly product. The only exception is August 2025, where no capacity was allocated on the monthly timeframe.

For the IT-AT direction, a different picture emerges regarding the splitting of capacities between the monthly and the yearly timeframe with the larger share of capacities (average share: 62%) being allocated to the monthly timeframe. Also in this direction, PVP values were high and stable in 2025, ranging between 87% and 100% for the monthly product and reaching 100% for the yearly product.

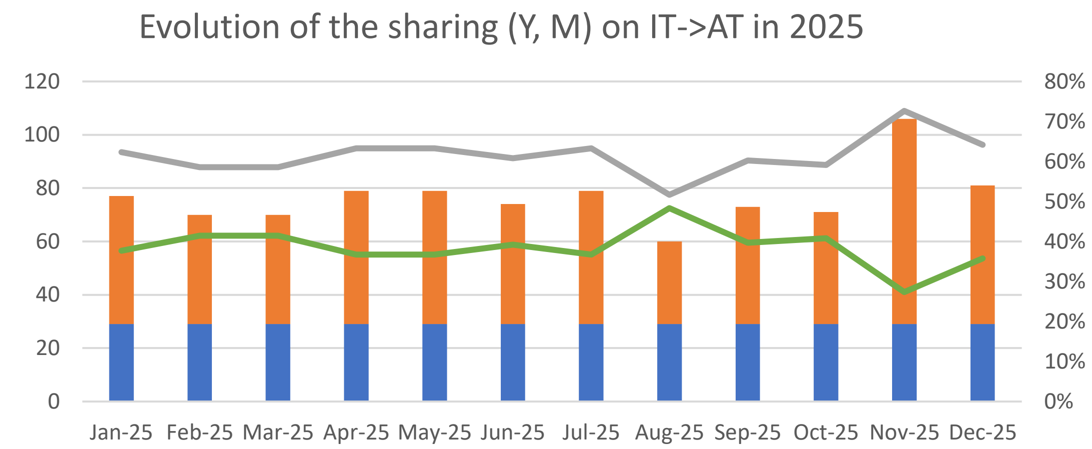
In the first half of 2026, the Y-product offered in the AT-IT direction dropped significantly compared to 2025, with only 71 MW being offered. For the first quarter of 2026 and June, this implies that a larger share of capacities was allocated in the monthly timeframe than in the yearly one, which is the opposite of what was observed in previous years for this direction.

In the IT-AT direction, however, the offered Y-product remained stable and even increased slightly compared to 2025, resulting in a balanced allocation between the monthly and yearly timeframes.



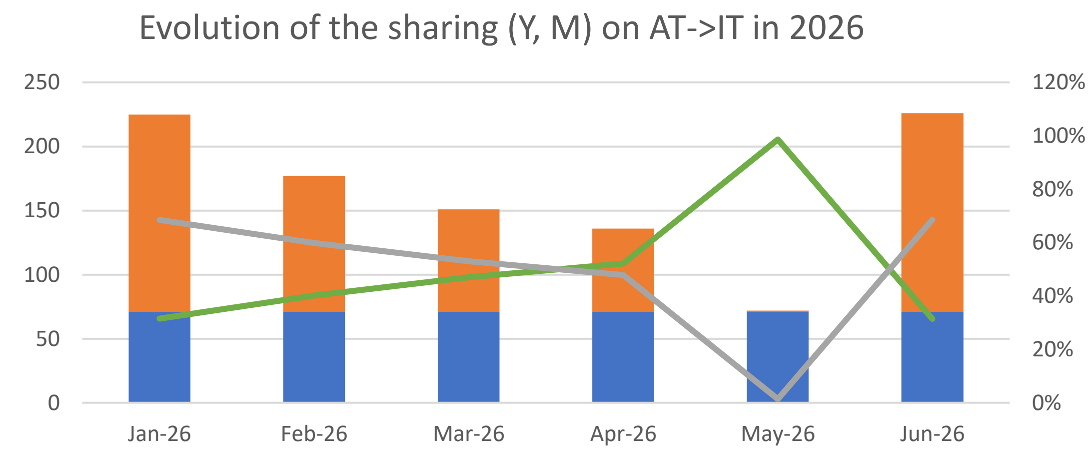
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	55	24	23	35	71	45	102	0	49	22	166	56
Y	148	148	148	148	148	148	148	148	148	148	148	148
Share Y	73%	86%	87%	81%	68%	77%	59%	100%	75%	87%	47%	73%
Share M	27%	14%	13%	19%	32%	23%	41%	0%	25%	13%	53%	27%

Y M Share Y Share M



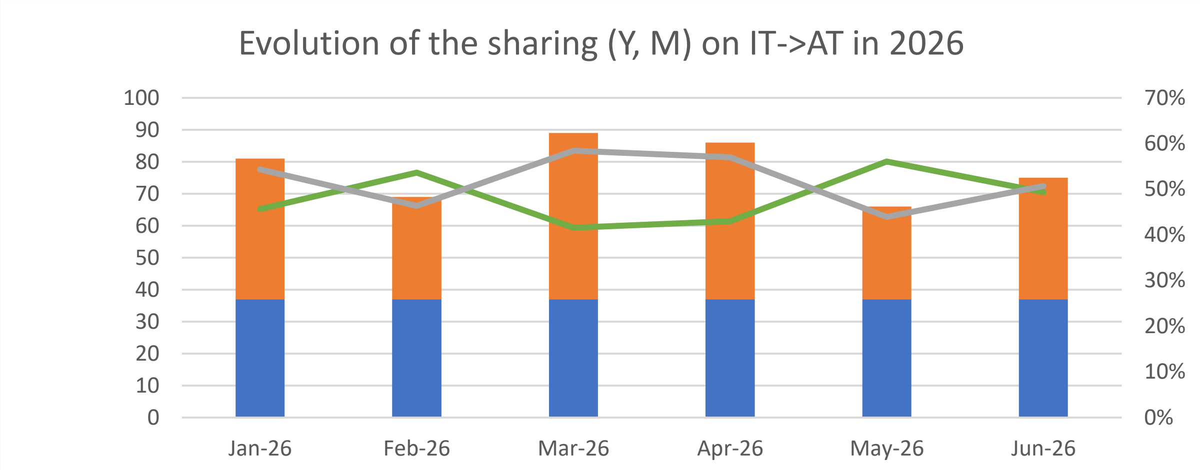
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
M	48	41	41	50	50	45	50	31	44	42	77	52
Y	29	29	29	29	29	29	29	29	29	29	29	29
Share Y	38%	41%	41%	37%	37%	39%	37%	48%	40%	41%	27%	36%
Share M	62%	59%	59%	63%	63%	61%	63%	52%	60%	59%	73%	64%

Y M Share Y Share M



	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	154	106	80	65	1	155
Y	71	71	71	71	71	71
Share Y	32%	40%	47%	52%	99%	31%
Share M	68%	60%	53%	48%	1%	69%

Y M Share Y Share M



	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
M	44	32	52	49	29	38
Y	37	37	37	37	37	37
Share Y	46%	54%	42%	43%	56%	49%
Share M	54%	46%	58%	57%	44%	51%

5. Conclusion 2025-2026

The Italy North Splitting Methodology Report analyses, according to Article 7 of the Splitting Methodology, the results of its application over the relevant assessment period.

The analysis has been carried out by distinguishing the different methodological frameworks applied to the underlying auction data. In particular, the results for 2023–2024 are assessed under the Splitting Methodology version applied since 2021, while the results for 2025–2026 are assessed under the amended Splitting Methodology approved in 2023. Due to this change in methodology and parameterisation, the two periods are analysed separately and are not treated as a single continuous trend.

The analysis also shows that the balance between yearly and monthly products differs significantly depending on the direction of the border. This directional asymmetry is particularly relevant on the France-Italy border. In the IT→FR direction, the allocation pattern is more strongly concentrated on yearly products, while in the FR→IT direction the share of monthly products is relatively higher.

For the FR→IT direction, the allocation outcome is mostlyaffected by allocation constraints applying in the import direction towards Italy. Although these constraints are defined at the level of the Italian Northern border, their impact is more visible on the France-Italy interconnection due to its larger share of cross-zonal capacity. As a consequence, the impact of allocation constraints significantly reduces the firm capacity that can be offered over yearly timeframes. As a result, the availability of yearly products becomes very limited, with capacity increasingly shifting towards the monthly timeframe.

For the SI–IT and AT–IT borders in the import direction towards Italy, the analysis highlights a differentiated evolution over the 2025–2026 period. In 2025, the results reflect the effect of the amended Splitting Methodology, as the distribution of capacity between yearly and monthly timeframes appears more balanced compared to previous years. However, in 2026, this effect is partially offset by evolving system conditions, including allocation constraints applying in the import direction towards Italy. The combined effect of allocation constraints, together with the PVP and RP requirements, limits the firm capacity that can be consistently offered over yearly timeframe. As a result, a larger share of capacity is progressively shifted to the monthly timeframe, leading in some cases to a reversal of the allocation pattern observed in previous years.

At the same time, the opposite direction shows a more stable split between yearly and monthly products.

The results for 2025 confirm that the amendments contributed to a more balanced distribution between yearly and monthly timeframes. In 2026, however, this effect is increasingly influenced by evolving system conditions, which affect the capacity that can be consistently offered over longer timeframes. While the current framework remains valid, the results highlight the need to monitor its performance to ensure an appropriate balance between different timeframes.