

GME'S NEWSLETTER – New issue now on line

Rome, 16 March 2010 – The new issue of the Newsletter of “Gestore dei Mercati Energetici” (GME) is now downloadable at www.mercatoelettrico.org

The newsletter opens with a focus on projections made and measures taken by Italy to reach the national target of 17% energy from renewables in its net final overall energy consumption in 2020. Indeed, as per art. 4.3 of Directive 2009/28/EC, Italy notified the EU that, to attain its target, it would need to import about 4.0 Mtoe of energy from renewables. Of this figure, 2.9 Mtoe would come from biofuels, imported to or produced in Italy from imported biomass, whereas the remaining 1.1 Mtoe (13.7 TWh) would consist of electricity from renewables generated abroad. Contributors to the focus: **Luciano Barra**, Head of Technical Secretariat, Energy Department, Ministry of Economic Development; **Luigi de Francisci**, Director, Regulatory Affairs, Terna; and **Massimo Ricci**, Director of Markets, AEEG.

The data on consumption by 2020, and thus on efforts to be undertaken in order to achieve the target of 17% energy from renewables, are still being processed. Barra states that *these data are being revised to accommodate the effects of the economic crisis. During the process, the relevant scenarios will be updated: the reference scenario will only include energy efficiency measures adopted before 2009, whereas the efficient scenario will involve additional measures.* The action plan - stresses Barra - *will have to consider the opportunities offered by energy efficiency improvement actions and to identify an effective and efficient mix of consumption of energy from renewables in the heat, electricity and transport sectors. It is likely - concludes the Head of the Technical Secretariat, Energy Department, Ministry of Economic Development - that we will have to intensify efforts towards the thermal uses of renewables because: i) this sector is still awaiting a structured support system; and ii) the thermal uses of some renewables may, in some cases, represent the most effective contribution to the achievement of the overall target.*

In contrast, De Francisci emphasises the need for further developing the national power grid and interconnections with neighbouring countries, namely Albania, Croatia, Tunisia, Montenegro and Switzerland. *In the past few years, Terna has considerably accelerated - by quadrupling its investments in - programs to modernise and strengthen the national power grid - explains Terna's Director of Regulatory Affairs. The new 2010-2014 Strategic Plan, presented on 18 February 2010, confirms these efforts, as it allocates 4.3 billion euro for investments, up by 26% on the 2009 plan. De Francisci points out that Terna will invest over 1 billion euro to favour the use of renewables. This is a major commitment, which yielded significant results already in 2009: 35 renewable power plants (of which 30 wind power plants), totalling about 1,500 MW, were connected to the grid. The 2010 Development Plan, which spans ten years, will make available a growing renewable electricity potential on the grid.*

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Finally, Ricci expresses the opinion that *in the coming years, power grids will undoubtedly experience an unprecedented innovation stage. And this for a number of reasons, which are related in particular to: i) the development of distributed generation in view of the European renewable energy targets; and ii) the opportunities offered by smart metering, as well as by the possibility of automatically modulating the level of capacity which may be withdrawn in the various time bands.* For a long time, AEEG - concludes its Director of Markets - *has centred its attention on the development of infrastructures and on the improvement of the security and quality of grid services and it will continue to do so also in the near future through appropriate regulations.*

As has become customary, GME's new publication reports the **summary data of the electricity market for the month of February, as well as the Fuel Market section**, which analyses oil and fossil fuel prices in the international market. The new issue also comes with the usual technical commentaries on national and European power and environmental exchanges and markets, as well as an analysis by **Claudia Checchi** and **Alessandra Motz** from **Ref** on the load profiling calculation in Italy, in view of the take-off of the gas market: *in these days, we are awaiting the first indications on implementation procedures from the Government.* In their opinion, *if the selected model is the one followed by other European countries, the exchange - after gradual start-up - will offer products enabling its participants to adjust their positions progressively, in quasi-real time; it will thus become the privileged place for physical and commercial balancing of the system.* Nevertheless - explain the experts from Rec - *the pre-requisite is [...] the availability of timely and reliable data about the incoming and outgoing gas flows attributed to each user of the grid.* But - add Claudia Checchi and Alessandra Motz - *the monitoring of gas flows in our country currently raises various issues, in spite of recent improvements.* In particular, *the standardised profiles used in Italy (under AEEG's Decision 17/07) are of a static nature, i.e. they are defined on an ex-ante basis, regardless of the trend of variables observed day by day, such as temperature.* This is why - conclude the experts from Ref - *the preliminary debate over the creation of the exchange should include - among others - a reflection on the possible revision of the load profiling systems adopted so far. Indeed, a possible fast improvement in flow allocations might be a solid foundation for the reforms to be implemented.*

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