

GME'S NEWSLETTER – New issue now on line

Rome, 11 May 2010 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable at www.mercatoelettrico.org

The newsletter opens with an interview with **Carlo Stagnaro** (Director of studies and research, Istituto Bruno Leoni) on the future energy challenges with which Italy is confronted. In the opinion of Stagnaro, we should invest more in regasifiers *to increase gas supply, create a more stable legislative framework by streamlining procedures for renewables and make a rational choice towards nuclear energy, as our country is the only one in the OECD area without domestic generation of nuclear power.* Stagnaro makes three important points. *The first regards investments in gas supply points, namely regasifiers. We have a multiplicity of projects - points out Stagnaro - and at least some of them are strategic to increasing gas supply in our country and thus covering the expected higher demand in the medium-long term. These investments would also introduce diversification.* Then, there is the issue of renewables, *in which we should invest in the light of our obligations within the EU. Here, the foremost challenge is to simplify the legislation.* Finally - says Stagnaro - *the resignation of Minister Scajola has opened a margin of uncertainty over nuclear energy, of which the former Minister was a keen supporter. We will see whether his successors will be able to follow suit.* More generally - concludes Stagnaro - *we will have to intervene in market liberalisation. In the case of electricity, the liberalisation process in Italy is at a fairly advanced stage with respect to other European countries. By contrast, in the case of gas, we lag significantly behind them and this contributes to creating relative uncertainty and poor investment propensity. If we succeed in issuing consistent and stable rules for electricity and gas markets and in creating really competitive conditions, we will probably have more useful investments.*

The new issue of the Newsletter comes with: the usual technical commentaries on national and European power exchanges and environmental markets; the section with the analysis of Italian gas market trends; the section with the analysis of European markets and insights into the trends of the main European commodity markets; **the summary data of the electricity market in the month of April**; and an analysis of the National Action Plan (NAP) for support to renewables (RES) that Italy must present within 30 June. The authors of the latter analysis



are **Tommaso Franci and Mario Cirillo** from ref. *The NAP deadline* – stress the two experts – is a new test bench for the Italian “energy federalism”, initiated about a decade ago under Legislative Decree 112/98 and with the reform of Title V of the Constitution in 2001. The burden sharing in respect of the targets to be reached by 2020 is not sufficient, by itself, to ensure effectiveness and efficiency of the policies promoting energy efficiency and RES. Based on the statements made by some representatives of the Ministry of Economic Development, the submission of the NAP will be preceded by a consultation process. Therefore - emphasize Franci and Cirillo - the new regional governments will take over their responsibilities in a sensitive stage of the Italian energy-climate policy, in which they will play a leading role. Upon the formulation of the NAP, the first important choice to be made by public decision-makers will concern the extent of the energy-saving measures. The more effective the efficiency move, the smaller the efforts needed to develop new renewable capacity – conclude the two experts from ref.

Finally, in this issue of the newsletter, the “legislative developments” include a new gas section with the novelties concerning GME’s P-GAS, which took off on 10 May 2010. Under the Decree of the Minister of Economic Development of 18 March 2010, the parties subject to the obligations of art. 11 of Law Decree 7/07 shall trade their gas quotas on the P-GAS. The same Decree provides that also the gas quotas not subject to the above obligation may be traded on the P-GAS.

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