



GME'S NEWSLETTER – New issue now on line

Rome, 16 May 2014 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable from www.mercatoelettrico.org.

The newsletter opens with an in-depth contribution by Virginia Canazza, Claudia Checchi and Michele Dalena from REF-E about the single balancing market. The experts from REF-E point out that *maintaining the balance between generation and load in real time is essential for the proper operation of power systems*, recalling that TSOs have the task of *procuring the so-called balancing services*. Until a not too remote past, *imbalances between generation and load were chiefly ascribable to unscheduled outages of power plants or transmission lines or to sudden load changes depending on climate and temperature factors*. However, more recently - emphasise Canazza, Cecchi and Dalena - *the growing penetration of generation from intermittent renewables (to the expense of generation from conventional sources, typically schedulable) into the power systems of European countries has added to the traditional factors of imbalance*. The analysts from REF-E argue that *an adequate design of the balancing market is crucial, not only to provide TSOs with a sufficient supply of balancing services, but also to guarantee an efficient operation of the wholesale electricity market as a whole, attracting new participants and increasing competition in these services*. Furthermore, add the researchers, *the creation of cross-border balancing markets (until their Europe-wide integration and harmonisation) is imperative to permit the selection of the most cost-effective balancing services and to reduce the levels of concentration within national balancing markets*. After more than one year of work, ENTSO-E approved the final draft of a Code, agreed on by all the European TSOs, a few months ago. Unfortunately, stress the analysts, *this Code failed to pass the test of compatibility with the Guidelines and, consequently, it cannot enter the comitology process making it legally binding*. Hence, the creation of a



European single balancing market remains a difficult process, conclude the three analysts from REF-E: *over and above the issues that are still to be addressed to achieve a consistent design and shared rules, the need arises for harmonising dispatching criteria and practices, which are very heterogeneous from one country to the other, and for concretely clarifying the procedures that are necessary to ensure an effective implementation.*

The new issue comes with the usual technical commentaries about European and national power exchanges and environmental markets, with the section devoted to the analysis of Italian gas market trends and with the one with insights on the trends of the main European commodity markets.

As has become customary, GME's new publication reports the **summary data of the electricity market for the month of April 2014.**

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