

GME'S NEWSLETTER – The new issue is posted

Rome, 17 January 2017 – The new issue of the newsletter Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with a speech by Agata Gugliotta and Chiara Proietti Silvestri of RIE on the developments in the production of shale gas in the world. *"The collapse in energy prices has put a strain on the O&G companies, forced to cut investment that has also affected the unconventional projects - the experts observe. Over the past two years, progress has been slow and therefore not free from weaknesses. However, the exploitation of shale gas remains a priority for many governments, motivated by a number of reasons: on the one hand, the production decline of conventional assets, on the other, the high potential of unconventional resources in some areas, which makes it developing an obvious choice."*

In the last decade, however, the shale revolution has shown how innovation and costs reduction *"are not the prerogative only of renewable energies. Technological and economic factors have intervened vigorously in the massive development of unconventional gas resources"*, Gugliotta and Proietti Silvestri admit according to which the analysis of the international scenario lets the prospect of shale gas emerge, as the main drivers of global growth in production: *"While the AIE remains more cautious, indicating an expected contribution in the neighborhood of 40%, the EIA DOE proposes a more optimistic scenario in which shale gas is expected to contribute almost 60% of world gas production growth by 2040."* From a strictly regional perspective, the two analysts of RIE continue, *"the United States confirmed the undisputed protagonists of global production, although it's expected a downsizing of their role with respect to other areas of production."* China is considered the *"most dynamic" country* and according to the AIE, shale gas should cover *"more than a quarter of the Chinese production of gas by 2040, rising to 40% in the case of the EIA DOE scenario that elevates the country to world's second largest producer after the United States. "*

For the rest, the estimates on Argentina *"indicate a sharp increase to over 40 billion cubic meters"*, in Canada, the production *"is set to grow and to offset the conventional gas share increasingly in decline."* While Mexico and Algeria *"are among the most promising*



countries, given the political commitment of national governments to the full exploitation of national resources."

Despite this background, Gugliotta and Proietti Silvestri conclude, there "*is the uncertainty about the actual developments of unconventional resources in different countries,*" especially for "*the difficult replicability of the North American revolutionary experience for the specific geological, regulatory and economic environment in which it arose.*"

GME's new issue also reports, as customary in January, the **annual data on the electricity market trading for the year 2016.**

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Press Release