

NEWSLETTER GME – New issue now online

Rome 12 July 2019 – The new issue of the newsletter of Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter begins with an intervention by Claudia Checchi from the REF-E and Matteo Reguzzoni from MBS, on the new business model of charging stations in the field of electric mobility. *"The European Union, with Directive 2014/94/EU, has established ambitious goals that have encouraged companies in this sector to invest to make their use an increasingly viable alternative, an objective for which the development of 'recharging unit', both analysts observe, highlighting that with 2.1 million units sold (3% of global sales), 2018 has recorded a global increase of 50% compared to 2017. The sector - the experts added - is driven by the exponential growth of the Chinese market, which covers more than 50% of the total (1.2 million electric cars) and aims to cover 10% of the domestic market in 2019. In China, the number of vehicles per inhabitant is not as high as in Norway (where one car in two is electric), but the market shows the highest growth rates".* The situation in Italy is quite different, where last year *"5,010 full electric cars were sold (with a 50% increase compared to 2017), and 4,569 hybrid models (more than doubled compared to 2017). In absolute terms, the Italian market is however extremely limited compared to other European scenarios; despite recent growth, the sale of electric cars has a marginal share of 0.5% of total sales and a circulating fleet of 22,000 units as of 2018, which generates still marginal electricity demand (amounting to 0.01% of the total)",* according to the REF-E. Naturally, in this context, the development of charging infrastructures will be crucial for the growth of electric mobility: *"Public charging stations are managed directly by energy suppliers, they are located in parking lots or on public roads, and provide free access for all potential customers. They differ from each other according to the charging power supplied to the customer which varies from 3 kW, mainly in urban areas for slow charging, up to 50 kW of ultra-fast stations and even 120 kW of supercharger stations available only for Tesla vehicles. The difference in power then*



influences the charging times". The consumer can therefore choose to charge up "by benefiting from the domestic contract, thus using the same bill for domestic use and for charging purposes" but the "installed power of 3 kW" implies "long time" and "system overloading risks". Additionally, the consumer can "request an increase in contractual power to the supplier" or "install a new meter". Other charging methods can use "public charging columns, semi-public stations (in hotels, department stores etc.)" or finally "residential complex charging stations". Of course, each method has different prices and ARERA's estimates, based on the values in force, suggest that in the third quarter of 2018 "in the case of private charges with the use of the same contract for domestic uses and for recharging, the prices of electricity supply in the protected market amounted to €216/MWh, while with the installation of a new separate meter or the contractual increase in power on the existing meter, the costs rise to €242/MWh and €266/MWh respectively. The residential complex charging system is the most expensive public charge, with prices reaching €451/MWh. For all private modes of electric charging there is also an additional cost for the installation and maintenance of the wall box (column) of about €500 one-off, amounting to €60/year if spread over the useful life of the system". On the other hand, public charging stations can "use a single energy tariff that includes only the volume of energy withdrawn (EBTV). Therefore, it will be easier for the manager of the recharging station to open new units in public places given the absence of costs deriving from fixed components. However, the cost of electricity for the end customer is estimated to be higher than the other solutions", the analysis specified. The installation and management of public charging stations could therefore represent "a new business line for electricity market operators. In this case, a recharging service would be considered as sale of electricity " the experts point out. However, it is clear that the opportunities linked to this business are still "at an early stage and often not yet adequately supported by the regulatory framework and the system of remuneration of services in the electricity market" even though they do generate "strong interest", and provide "a possible demand-side or supply role of flexibility services to the electricity system, increasingly necessary to balance the volatility of the production of non-programmable renewable sources", the two analysts concluded.



The new issue also includes the usual technical commentaries on the markets and the national and European electricity and environment exchanges, the section devoted to the analysis of the trends of the Italian gas market and the section with an analysis on European trends, which delves into trends in key European commodities markets.

The GME's new publication also reports, as customary, the summary data of the electricity market for June 2019.

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