

GME NEWSLETTER – New issue published

Rome 18 January 2021 – The new issue of the Gestore dei Mercati Energetici (Gme) newsletter is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter opens with a speech by Lisa Orlandi of the RIE on the role of Carbon Capture, Utilization and Storage (CCUS) systems for carbon neutrality. *"Between disillusioned expectations and stunted take-offs, the CCUS systems have so far had a very slow diffusion: annual investments have consistently represented less than 0.5% of those overall intended for clean energy technologies and efficiency (IEA 2020). Therefore, even the relative impact on the trend of CO2 emissions has been very limited up until now. In recent years, however, there has been renewed interest: with the explosion of the climate debate, in fact, the narrative towards CCUS technology has undergone a marked change"*, highlighted the RIE analyst.

"Although it is still an expensive solution, especially in the case of application to the industrial sector, it can have an important impact especially for the more energy-intensive sectors, such as the production of cement and steel, refining as well as the chemical and paper industries, where alternatives are available at practicable costs for the reduction of process emissions. Furthermore, it can avoid the early decommissioning of plants that might still have a long residual useful life", underlined Orlandi who was referring in particular to coal-fired power plants, to natural gas treatment and to sectors with emissions that are difficult to reduce such as transport, all of which are natural targets of CCUS technology.

"CO2 capture technology can also help reduce the carbon footprint associated with the current production of hydrogen which, largely depending on the use of raw materials such as natural gas and coal, generates around 800 million tons of carbon dioxide annually", specified the RIE researcher.



At a geographical level, Europe is, together with the United States, *“the region where most of the ongoing plans are concentrated - pointed out Orlandi -. Out of 13 large-scale projects at different stages of development, 7 involve the United Kingdom, where the government supports this technology and has announced substantial funds for infrastructure development”*.

Many reasons underpin this momentum *“of a regulatory-political nature, such as the definition of increasingly ambitious climate objectives at international, national and even corporate level and the related incentives to support technology - clarified the RIE analyst - The COVID-19 pandemic has entered this new and dynamic context with the resulting global economic crisis. The impact on the future development of CCUS systems cannot currently be estimated but the probability of delays or cancellations, connected to the widespread cut in investment costs by numerous production companies, undoubtedly cannot be ignored”*.

However, CCUS systems *“are now more resilient than they were after previous financial crises, relying on a decade of project development experience and the recent turmoil that has raised the interest of several economic and political actors - concluded Orlandi -. The inclusion of the CCUS in economic recovery plans could help ensure that the economic shock linked to COVID-19 does not derail the recent advances observed in the diffusion of the technology and with them the ambitious carbon neutrality goals to be pursued by 2050. If, in fact, there is evidence to consider that the economic effects of the pandemic will no longer be visible in the long term, the same cannot be said for the consequences on the climate of the choices made in this period”*.

The new issue also includes the usual technical comments relating to the national and European electricity and environmental markets and exchanges, the section dedicated to the analysis of trends in the Italian gas market and the analysis section on trends in Europe, which explores the trends on the main European commodities markets.

The new GME publication also reports, as is now customary in January, the **annual data on electricity market trading for the year 2020**.



Gestore dei Mercati Energetici S.p.A.

Governance Directorate

Tel. +39 06 8012 4549

Fax. 39 06 8012 4519

governance@mercatoelettrico.org

www.mercatoelettrico.org

Press release