

GME NEWSLETTER – The new issue has been published

Rome 17 April 2023 – The new issue of the Gestore dei Mercati Energetici (GME) newsletter is online, downloadable from the www.mercatoelettrico.org.

The newsletter opens with a comment by Chiara Proietti Silvestri of RIE on the industrial plan related to the green deal, launched on last 1 February by the European Commission. *“Anticipated on the stage of the World Economic Forum in Davos by Ursula von der Leyen, the project aims to strengthen European production capacity in the areas of energy transition to cope with the growing waves of international protectionism”*, said the RIE analyst retracing its four key points. *“The first pillar of the plan aims to create a predictable and simplified regulatory environment for net-zero emission industries”*, explained Proietti Silvestri. *“The second pillar aims to facilitate access to finance”* and in the short term, *“aims to simplify State aid rules and procedures”*. While in the medium term, continued the RIE researcher, the project *“has the ambition to define a European Sovereignty Fund as a structural response to the need for investment in innovation and support for ‘made in Europe’ industrial programmes.”* The third pillar then points to *“a significant increase in skills and skilled workers in the sector”*, while *“the fourth pillar focuses on international trade, protecting single market from unfair trade, and safeguarding supply chains in clean technologies,”* explained Proietti Silvestri. *“On the inclusion of nuclear energy, however, there has been a strong debate among – as the Financial times reported – the positions of President of the European Commission and Commissioner for the Internal market, on one hand, and Commissioner for Climate and Commissioner for Competition, on the other hand”*, highlighted the RIE analyst. *When the document arrived to the press for the first time, nuclear energy was in the list of strategic technologies, but not in the final proposal. However, Article 3 of the text still mentions technologies that provide a significant contribution to decarbonization. In particular, it refers to advanced nuclear power generation and small modular reactors, thus excluding generation II and III reactors. The same concerns sustainable alternative fuels. We have to wait Parliament and Council opinion on whether or not the final text of the Regulation will be amended accordingly”*. Therefore, *“ensuring EU resilience and competitiveness is not only a political objective but it is the answer to the urgent need to protect the European economy and industrial network against protectionist policies implemented by different superpowers”*, pointed out Proietti Silvestri. *“Otherwise, several European companies could be tempted by the delocalisation. However, it is necessary to take into account the most sustainable path from an economic and climatic point of view, as well as for what concerns political opportunities”*. In particular, from a financial point of view, the European Commission,



“carried out a series of analyses to assess the plan feasibility”, continued the RIE researcher. “The estimates provided show that, to support the production capacity of the main zero-emission technologies (wind, photovoltaic, heat pumps, batteries and electrolyzers), it could be reached a total of 8 billion euros on EU programmes. The analysis, however, continues by deeming that the public financing requirement in a scenario compatible with the NZIA objectives would be quantified at 16-18 billion out of a total of 92. Therefore, the Commission conclusion is: “the current EU budget does not have enough means to support the objectives of the Net-Zero Industry Act and to ensure equal conditions among Member States, in relation to the identified public investment needs”. This statement raises the other well-known issue related to the easing of state aid measures, a choice that should indeed allow national governments to support their own national supply chains, but on the other hand would facilitate states with greater fiscal capacity”. “The risk of an imbalance in fund distribution among the Member States is, moreover, well founded: it is only worth remembering that of the 672 billion euros of subsidies approved in 2022 under the temporary crisis framework, 53% is related to Germany and 24% to France, while 7% to Italy. Therefore, the question is - concluded Proietti Silvestri - which objective or objectives should be given priority, climate, industrial or social objectives”. But “if the industrial objective can be seen as a priority, it must also be clear what we might have to give up and, above all, explore solutions that do not increase unequal conditions among and within the Member States of the European Union”.

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 the trends in the Italian gas market and the analysis section on the trends in Europe, which explores the trends on the main European commodities markets. The new GME publication also reports, as is now customary, the summary data of the electricity market for the month of March 2023.

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