

GME's NEWSLETTER – The new issue is published

The new issue of the Gestore dei Mercati Energetici (Gme)'s newsletter is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with the speech of Mrs. Virginia Canazza and Mrs. Ana Georgieva of REF-E on the possibility not to use the French nuclear power in Europe. *"The reduced availability of the French nuclear power is an interesting case to carry out exercises estimate of the adequacy level of the countries of the continental Europe and, in particular, Italy - the two experts observe -. The analyzes conducted by REF-E on the year 2017 through the use of the ELFO++ EUROPE simulation model show adequacy levels in continental European countries intact even in case of prolonged unavailability of the 12 French currently stopped reactors."*

The prospective analysis of national energy balances in the continental area monitored shows that, in fact, to compensate for the reduction of the French nuclear power (-79TWh), the coal (+ 35 TWh) and gas (+ 41 TWh) productions increase. Major contributions are those of the French gas self-production (+ 19TWh) as well as that of the German coal production (+ 12TWh). In Italy, the potential of the 5 TWh gas production and 10 TWh coal production increases. In Benelux, the production of CCGT (+12 TWh) is mainly increased. The prolonged unavailability of the French nuclear power involves, however, *"the need for France to slash net exports (-50 TWh), together with a reduction in the other countries in net imports (Italy -15 TWh, Netherlands -10 TWh) or an increase in exports to France (Germany + 16 TWh)"*, Mrs. Canazza and Mrs. Georgieva admit, thus adding: *"In the event of no switching in the merit order between coal and gas plants, most likely with coal prices to the levels shown last summer, to compensate for the unavailability of the French nuclear power, the German coal plants and the French and Italian combined gas cycles would intervene and the export from France to neighboring countries will significantly reduce - the two analysts of REF-E explain. For Italy the reduction in net imports to the northern border, on the one hand may result in a slight increase in energy prices, on the other, this would help to reduce the security costs, thus decreasing, with more contestable demand for power generation, the necessary flexibility to the system. No criticality emerges in terms of gas supply security, even at the winter peak. However the need for an additional supply, necessarily requiring an increase of Russian and/or LNG gas, could*



translate into strong bullish effects on the northern European spot markets," Mrs. Canazza and Mrs. Georgieva conclude.

The new issue of the newsletter comes with the usual technical commentaries on the national and European electricity markets and environmental exchanges, the section devoted to the analysis of the trends of the Italian gas market and the analysis section on trends in Europe, which delves into the trends of the main European commodity markets.

GME's new issue also reports, as customary, the summary data of the electricity market for the month of November 2016.

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