

NEWSLETTER GME – New issue now online

Rome, 14 February 2020 – 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 and Elena Ferri from the REF-E on the scenario of the future energy system traced within the PNIEC, the Integrated National Plan for Energy and Climate designed by the European Commission to govern and coordinate the Member States' actions to address the de-carbonization objectives of the 2020-2030 decade. In general *"the macro objectives defined by the Italian PNIEC are similar to the European ones and have been, with few exceptions, confirmed compared to the preliminary version of the PNIEC - the two REF-E analysts point out-. The target of penetration of renewables on gross final energy consumption (RES) in 2030 is 30%, compared to 32% set at EU level. The target is compared with a 2017 FER penetration level of 18% which is expected to reach 19% by 2020. A starting point far from the target - Checchi and Ferri point out - yet still relevant, given that the target for Italy in 2020 is 17%. The scenario drawn in the decade is fairly even, but with a slight acceleration expected after 2025, also thanks to the reduction in final consumption, which therefore reduces the effort in terms of percentage".* In this context, *"the greatest effort to reach the level of renewables continues to be required from the electricity sector, where it is expected to reach 55% in 2030 with an accelerating scenario predicted after 2025 despite a substantially stable demand. The starting point in 2020 should be around 36%, although in recent years, and after the rapid growth recorded up to 2014, the share of FER-E has substantially stabilized at around 34%".* In any case, *"the final evaluations of the PNIECs of the member states will be published by June 2020, as per Regulations - the two analysts explain -; the practical implementation of the measures provided for in the Plans will therefore start from 1 January 2021. However, the PNIECs seem to have already aged well ahead of time",* the REF-E researchers admit. And for a very simple reason: *"One of the qualifying points of the recently inaugurated political program of the European Commission was the definition of a strategy for achieving zero net CO2 emissions by 2050, a strategy incorporated in a project that was named Green New Deal. The strategy*



defined in the Green New Deal addresses possible new greenhouse gas reduction solutions in all the most polluting sectors. The European Green New Deal, in line with the American New Deal of the 1920s, is therefore an organic reform plan that involves all sectors with the aim of pushing a definitive turn to the energy transition, which as a first step should include the increase of the target of the CO2 emission reduction in 2030 to 50/55% compared to 1990, with consequent adjustment of the sector directives. In this regard - Checchi and Ferri point out - the PNIECs of the member states will have to be revised in order to adapt their strategies to the new targets, more ambitious than those set to date". However, there is more. "Although the Italian PNIEC expressly mentions the possibility that, by adopting all the measures envisaged, CO2 emissions may be reduced by 55% by 2030, Italy, like many other countries, has not yet drafted the Long-term strategy 2050, requested together with the PNIEC and symbol of a first step towards a longer-term plan. But the real challenge, beyond the objectives, will be to give concrete form to the objectives and policies envisaged" the REF-E analysts conclude.

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 January 2020.

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