

GME'S NEWSLETTER – Issue no. 189 now online

Rome, 14 February 2025 – The new issue of the newsletter of *Gestore dei Mercati Energetici* (GME) is now available at <https://www.mercatoelettrico.org>.

The newsletter opens with an article by Agata Gugliotta from *Ricerche Industriali Energetiche* (RIE) about the resilience of coal, which grew again last year. *In 2024, when the last coal-fired power plant in the homeland of the Industrial Revolution (United Kingdom) was decommissioned, the global demand for this source marked a new record, despite all forecasts constantly predicting its reduction. Coal consumption increased significantly in China and India, more than offsetting the lower demand from developed countries, notably the United States (US) and Europe, where a phase-out policy is instead under way.* Gugliotta stresses that, based on the latest estimates by the International Energy Agency (IAE), in 2024, coal consumption is expected to grow by 1% for the third year in a row. *Although this rate is lower than the increase of 2.5% in 2023, of nearly 5% in 2022, and of 7% in 2021, it represents, in absolute value, an all-time high of 8.77 billion tonnes, almost twice the figure at the beginning of the century. The year 2024 confirms some trends that have been in place for years, although temporarily reversed in 2022 due to the Russia–Ukraine war, an important game changer in energy markets. These trends are: 1) the continuous increase in Asian demand, particularly from China and India; 2) the role of the Chinese giant as the world's largest coal consumer (55% of global demand), while India is a leader as an area with the highest growth rate (+6%); 3) the increase in coal supply from the ASEAN (Association of Southeast Asian Nations) region; 4) a new peak in trade; 5) the now structural decline in consumption in Europe and the US.* Gugliotta points out that, as regards the European Union, in 2024, only 17 out of 27 countries used coal to generate electricity and about half of them used less than 10%. *Countries lying above this threshold are Poland, still generating almost 54% of its electricity from this source, the Czech Republic with 36%, along with other East-European countries, and the “green” Germany, which depends on this commodity for one fifth of its electricity. In*



Italy, in 2024, 3.5 GWh (-70% vs. 2023) were generated from coal, accounting for as little as 1.3% of net electricity generation. This is not all. The growth in consumption–growth in generation equation was once again evident in 2024. Last year, according to preliminary estimates by the IEA, for the first time in history, 9 billion tonnes were exceeded. However, just as it happened for demand, the rate of growth of mined volumes sharply dropped to as little as 0.8% compared to 3.4% in the previous year. China, with over 4.6 billion tonnes, confirmed its status as the leading producer in the world, whereas the country contributing the most to the increase continued to be India. In short, the analysis of 2024 data provides us, once again, with a snapshot of a market with opposing trends, but which continues to grow globally. In spite of decarbonisation efforts, huge investments in renewable energy, and numerous pledges made in international fora, coal remains the leading source of energy for thermal generation globally, with a share of 35%, slightly below its peak of 41% in 2007, but still unsustainably high considering the ambitious but necessary net-zero targets to be achieved. Predictions indicate a peak in consumption as early as in 2027. However, plans for expanding the stock of power plants and the number of mines to be exploited testify that the sector remains robust. Gugliotta concludes that, while in Europe and the US coal has almost become a relic of the past, after years of unstoppable decline, it is also true that, for Beijing, coal means energy security whereas, for New Delhi, it means energy, mostly produced domestically, to satisfy its growing demand.

This issue of the newsletter comes with the usual technical commentaries about European and national power exchanges and environmental markets, a section focused on the analysis of Italian gas market trends, and a section with insights into the trends of the main European commodity markets.



As has become customary, the publication also reports the summary data of the electricity market for January 2025.

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Press Release