

## GME'S NEWSLETTER – Issue no. 10 now on line

Rome, 11 November 2008 – The new issue of the Newsletter of Gestore del Mercato Elettrico (GME) is now on line, downloadable from [www.mercatoelettrico.org](http://www.mercatoelettrico.org)

The Newsletter opens with a contribution by GME's President, **Salvatore Zecchini**, who describes in detail the functioning and advantages of the new market that GME launched on 3 November 2008, the Forward Electricity Market (MTE). As Zecchini points out, *“this is an important stage in the process of liberalisation of the power system, as another piece has been added to make the system increasingly responsive to operators' requirements. Operators need additional flexibility instruments in order to efficiently hedge themselves against electricity price volatility”*. The Forward Electricity Market, which has just been launched, will allow operators *“to trade electricity over periods of time longer than the daily periods offered by the present market model, which concerns deliveries for the next day”*.

In its “Focus” section, the Newsletter offers an exclusive interview with **Thomas C. Heller** (professor at the Stanford University, USA, and international expert of climate control and energy issues) covering the issue of the Kyoto Protocol revision and of the role of Europe, also in the light of the worldwide market crisis. Heller stresses the impact that Europe's position on climate protection has had on other countries, recalling however that Governments will have to exercise flexibility and creativity so as to make sure that all the countries share the same goal. The Kyoto Protocol has not been effective in reducing emissions to a significant extent and the performance of its instruments has been inadequate. Consequently, the negotiating process towards Copenhagen should go beyond the Protocol and rethink how to control climate and how countries should pay for carbon emissions. Finally, with regard to emerging economies and their positions on the fight against emissions, Heller states that there are serious doubts about the capability of these governments to meet their pledges gradually, easily and rapidly but that, in their national interest, they will have to cope with the climate change issue.

As has become customary, issue no. 10 of the Newsletter reports the **summary data of the Electricity Market for the month of October**, accompanied by a paragraph (with table and graph) on the sales of electricity in our country by type of generation, as well as a **“Fuel Market” section** with oil and fuel price trends in the international market. The Newsletter also features the usual technical commentaries on national and European power exchanges and environmental



markets, as well as a contribution by **Clara Poletti (IEFE)** on the European environmental performance and emission reduction targets. Poletti emphasises that *“the analysis of environmental performance vs. the Kyoto targets is an important starting point to determine how close Europe and, in particular, Italy are to a virtuous path of emission reductions”*. Commenting on Italian results, Poletti concludes that *“the analysis of statistics suggests that the current problem of Italy is not so much to calibrate the Green Package targets at the margin as to decide whether it actually believes in the need for cutting greenhouse gases and to take action accordingly”*.

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