



## GME'S NEWSLETTER – New issue now on line

Rome, 14 October 2010 - The new issue of the Newsletter of “Gestore dei Mercati Energetici” (GME) is now available at [www.mercatoelettrico.org](http://www.mercatoelettrico.org)

The newsletter opens with a contribution by Mr. **Stefano Saglia, Deputy Minister of Economic Development**, on liberalisation and integration of electricity and gas markets in the EU and, namely, on the steps taken by **GME in this direction**.

*In these areas - claims Saglia - considerable progress has been made. However, some Member States have still immature energy systems. This implies a twofold challenge: on one hand, the relationship between Member States and, on the other hand, the enlargement towards East-European countries. In this context - adds the Deputy Minister - we are proud of the significant contribution that Italy has given to the integration process, for two reasons. The first is that, in the past few years, the Italian energy system - and namely the power system - has reached an optimum stage of internal maturity, thanks to the joint efforts of law-makers, of the Government with ad-hoc measures and of the entities which translated the provisions into practice. .*

The second reason, instead, concerns the integration of European regional electricity markets, which is *“one of the goals to be pursued in the development of the Italian electricity market. In Italy - points out Saglia - GME has already started to move in this direction. Indeed, the project of **market coupling with the nearby Slovenia** will take off operationally at the beginning of 2011.*

*While ensuring the required institutional support to the project - with GME in charge of the platforms - the Italian Government pursues the following goals: i) designing a more efficient mechanism to manage day-ahead cross-border congestions, capable of sustaining the creation of a wider wholesale energy market and of improving well-being at EU level; and ii) minimising the risks and operational trading costs incurred by market participants and favouring the formation of an efficient price signal which may reflect the value of cross-border transmission capacity.*

*This experimental project - recalls the Deputy Minister - which will certainly yield benefits, is associated with the **PCR project, in which GME participates** together*



*with the main European exchanges EPEX spot (France, Germany, Austria and Switzerland), OMEL (Spain and Portugal), NordPool Spot (Scandinavian countries and Denmark), APX (Netherlands and UK) and Belpex (Belgium). The latter project has the purpose of implementing a common mechanism of price coupling, under which the formation of the spot electricity price will be coordinated in an area potentially covering Portugal, Spain, Italy, Belgium, the Netherlands, the UK, France, Germany, Austria, Switzerland, Denmark, Norway, Sweden, Finland and the Baltic countries. Thus, the creation of a single price coupling mechanism in Europe and of a single energy market - concludes the Deputy Minister - is an unprecedented challenge that we firmly support.*

The new issue also comes with the usual technical commentaries on European and national power and environmental markets and exchanges, the section dedicated to the analysis of Italian gas market trends and the section with the analysis of European commodity market trends. As has become customary, the new publication of GME also reports the **summary data of the electricity market for the month of September** and an in-depth contribution by Claudia Checchi and Alessandra Motz (from REF) on Mergers & Acquisitions (M&A) in Europe, in the light of globalisation, expansion towards the East and role of renewables.

*The experts from REF feel that M&As are an excellent indicator of the viability and vitality of the market and of the competitive pressure of new entrants coming from other sectors or other geographic areas.*

*In spite of the economic crisis - state Checchi and Motz - the years 2007 and 2009 recorded a particularly intense M&A activity in Europe: 109 and 145, respectively, vs. as little as 85 in 2008 and 46 in the first nine months of 2010, which might reflect the effects of the economic crisis. In particular, the analysis showed a certain preference, which was constant over time, for acquisitions or joint ventures at home rather than abroad.*

The deals made abroad by Italian companies account for about 30% on average of their total deals.

With regard to our country - emphasise the experts from REF - *foreign companies show a persistent interest especially in renewables: indeed, the large majority of the deals in the period from 2007 to 2010 concerned the development of wind farms. As to Italian companies, Checchi e Motz stress two main trends: expansion abroad, of which the unquestionable protagonists were Enel and ENI; and consolidation of market shares in Italy, where many mergers were made between medium-sized companies of regional scale.*



Nevertheless, various issues remain open - conclude the experts from REF - *which may have an impact on the competitive scenario in next few months and which are no. 1 on the agenda of the new Minister of Economic Development: the tricky issue of the reference territories and of the legislation on gas distribution concessions and the reform of the system of support for renewables.*

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Press Release