



GME'S NEWSLETTER – New issue now on line

Rome, 13 May 2011 – The **Newsletter of Gestore dei Mercati Energetici (GME)** is now downloadable from www.mercatoelettrico.org.

The newsletter opens with a contribution by **Stefano Clò from RIE** on the main criterion of allocation (auctioning) of emission permits tradable in the 3rd stage (2013-2020) of the European Emissions Trading Scheme (EU-ETS). During this period - explains Clò - *the electricity sector - to which 63% of the total emission permits were allocated in 2010 – will no longer receive free emission permits, while the industrial sectors not exposed to carbon leakage will have to purchase at auction a percentage of permits which will grow over the years (from 20% in 2013 to 70% in 2020).* This is why - states the analyst from RIE - *the transition to auctioning will bring about, first of all, a major redistribution effect, which will be equivalent - not in form but in substance - to the tax revenue from a carbon tax.* In effect, the electricity sector will have to *purchase from the State what it now gets free of charge from the State.* The consequence - continues Clò - is that *both the impact of the European climate policy on the regulated sectors and its economic value are bound to sharply increase over the years, getting closer and closer to the ones of Structural Funds (€ 30-50 billion) and of the Common Agricultural Policy (about € 60 billion).* Based on the estimations made by the expert from RIE, at the current price of CO₂ (€ 17/tonne), *the auctioning of over 1 billion permits should generate public revenues at EU level of at least € 17 billion only in 2013. These revenues will be subsequently distributed among the various Member States proportionally to the related national percentages.* For Italy, *this will correspond to 9.42% of the total auctionable permits (estimated at 94 million) and of the respective proceeds.* But this is not all - concludes the expert from RIE - *By conservatively assuming the prices of the post-crisis EU scenarios (PRIMES 2009)*



- adds Clò -, the auctioning of emission permits in Europe in the 2013-2020 period should ensure an overall revenue of € 150-190 billion. This figure might climb to € 200-310 billion if the European emission target were lowered to -30% and the EU-ETS ceiling from -21% with respect to 2005 to -36%.

The new issue of the newsletter comes with the usual technical commentaries on the national and European power exchanges and environmental markets, the section devoted to the analysis of Italian gas market trends and the one focused on the trends of the main European commodity markets. Additionally, as has become customary, GME's new publication reports the **summary data of the electricity market for the month of April.**

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