



GME'S NEWSLETTER – New issue now on line

Rome, 15 April 2014 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable at www.mercatoelettrico.org.

The newsletter opens with a contribution by Agata Gugliotta and Chiara Proietti Silvestri, from RIE, about shale gas outlooks in Europe. The experts from RIE point out that, based on data from the US Department of Energy, the EU *may count on a total of about 13,000 billion m³ of technically-recoverable shale gas resources, i.e. approximately 6.5% of overall resources in the world and slightly below the ones (about 16,000 billion m³) in the US.* Gugliotta and Proietti Silvestri argue that, from an economic viewpoint, *the start of the massive investments needed for shale gas extraction may yield direct or indirect economic benefits at national and local level (general modernisation of the domestic infrastructure network, new job opportunities and more financial resources for the Treasury).* However, *in terms of energy costs, there is general consensus around the idea that shale gas development will be more expensive - as much as two or three times higher according to some estimations - in Europe than in the US, a gap that is due to different geological, industrial and regulatory conditions.* This, *emphasise the researchers from RIE, involves higher break-even prices, preventing the replication of the price fall and well-known competitive advantages that the US market has experienced.* At present, commercial production of shale gas has not yet been undertaken in the EU, but is expected to begin in some Member States, first of all Poland, in the 2015-2017 period. Gugliotta and Proietti Silvestri stress that, *in its reference scenario, IEA estimates a shale gas production of roughly 20 billion m³ by 2035, a figure accounting for nearly 20% of total gas production in the EU. Nonetheless, in spite of a general stability of European gas consumption, which is predicted to grow by 0.5% on average per year in the 2011-2035 period, the contribution of non-conventional production would be marginal,*



covering less than 4% of demand at the end of the period. The experts from RIE conclude that, while the contribution of shale gas is not thought to cause major disturbances to the European up-stream gas sector and to the structure of supply - as it happened instead in the US where domestic production went up by 20% in 5 years -, its more significant development, however, would in part counterbalance the natural decline of production in Europe, stabilising it in the future around its 2020 levels, with consequent effects on the security of supplies and on the energy bill of Brussels.

The new issue also comes with the usual technical commentaries about European and national power exchanges and environmental markets, with the section analysing Italian gas market trends and with the one giving insight into the trends of the main European commodity markets.

As has become customary, the new publication also reports the **summary data of the electricity market for the month of March 2014.**

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