



NEWSLETTER GME – Th new issue is online

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The new issue of the newsletter of Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with a speech by Mario Cirillo, from REF-E, on the reform of residential rates of electricity that represents *"an important achievement in the energy system for which it provides a profound transformation."* The reform redistributes the network charges and the general costs of the power system based on the criteria of *cost-reflectivity* through two key changes: *"the elimination of progressivity in variable fees and power share of tariff"* and *"the revision of the tariff structure, with the movement of some burden from the variable fees to the fixed ones."* The reform Mr. Cirillo emphasizes will be realized *"in two stages in implementation of the principle of gradual regulatory changes. The new rules will be fully operational by 2018."* 2016 will be a first step for the implementation of progressive tariff structures not only for the members to cover costs, in fact, Mr. Cirillo says, from January 1, 2016 *"it will remain in place the progressive structure, but the fees covering network charges will be reviewed with the aim of reducing the amount of cross-subsidies by at least 25%, through the revision of the levels as well as through a modification of the structure."* From 1 January 2017, Mr. Cirillo continues, *"it will be completely removed the progressivity with regard to network charges, while the fees to cover the general expenses will be revised to reduce the effects of progressivity and the number of consumption groups. Also the scheduled progressivity for the application of fees to cover the services of sale to customers for additional protection will be eliminated."* Finally, Mr. Cirillo adds, it is prolonged for 2016 *"the specific tariff experimentation for heat pumps (PDC) used as the main heating system of the housing, which already provides for the application of a non-progressive structure, and on which the AEEGSI will start a consultation process with a view to possibly extending the tariff experimentation to further categories of domestic customers."* The impact of the news on the development of efficient technologies, which use electricity in households, can



be measured by comparing a configuration that provides for the use of gas as the main source to meet the energy needs and a configuration that provides only the use of electrical energy. *"The configuration of 'electricity' become significantly more competitive thanks to the reform up to reach the costs of the 'gas', although the installation of a PV system, in conjunction with PDC and efficient kitchens, does not produce a significant amount of extra (economic) save as regard as that achievable with the previous regime. Between the two options, however, there is a significant gap in upfront spending: the investment cost in the 'gas' case is significantly lower than that of the 'power' configuration if one takes only into account the air-conditioning units (gas and split from one hand and hydronic PDC on the other) as well as one takes into account the photovoltaic system."* Essentially, Mr. Cirillo concludes, *"the reform of residential rates cannot overcome all the barriers to the spread of electro-efficient technologies: there are other measures to promote that may affect or already effectively influence this aspect. The degree of effectiveness of these tools will help to determine the penetration more or less rapid of the systems of production and consumption distributed and to achieve a result in the future energy system model. You can then easily expect that the process of change is gradual and long term, in line with the pace at which they will be made the building renovations and the interventions for the replacement of air conditioning units reaching their end of life or particularly wasteful."* The new issue of the newsletter comes also with the usual technical commentaries on the national and European environmental markets and power exchanges, the section devoted to the analysis of the performance of the Italian gas market and the analysis section on trends in Europe, which examines the trends of the main European commodity markets.

The new GME issue shows also as usual in January the annual date on the **annual transactions on the electricity market in 2015**.

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Press Release