

GME NEWSLETTER – New issue out

Rome, 15 November 2018 - The new Gestore dei Mercati Energetici (Gme) newsletter issue is online. You can download it from www.mercatoelettrico.org

The newsletter opens with an interview with Mattia Santori and Agata Gugliotta from the Rie - Industrial and energy research, on the future transition from diesel to electric cars in Europe.

"The car market is growing fast and ever-changing. In 2018 alone, it is estimated that 81.5 million cars will be sold worldwide, i.e. twice as many as were sold throughout the 1990s - Santori and Gugliotta stress out. This confirms the enormous boom in sales and registrations recorded in the last decade, driven mainly by Asian markets, where demand has doubled in the last seven years. This is a positive trend to which Europe has also contributed. Although Europe has gone from 34% to 20% of world car sales in the last ten years, it has returned to pre-crisis levels in terms of number of vehicles registered". But if sales increase in all areas of the world - with the exception of Brazil and Russia - it is due to the new environmental and ecological perception that is contributing to a net change in the composition of the types of cars sold. "If we look at the trend in emissions of new cars registered in the EU, we can see that, compared to the values of 2008, when the CO2 produced by new vehicles stood at an average of 158.6 grams per kilometer (g/km), the average emissions of new vehicles registered have gradually decreased to the 118.5 g/km of cars sold in 2017, - the two researchers of Rie point out -. which is well below the target set for 2015 (130 g/km) and on track to reach the 2021 target (95 g/km) which will be the basis for new reductions in 2025 and 2030. However, the trend inversion between 2016 and 2017 should be noted, with average CO2 emissions from new cars sold in Europe increasing by 0.4% (from 118.1 g/km in 2016 to 118.5 g/km in 2017, first growth in 10 years). The reason, according to the European Automobile Manufacturers Association (Acea), is to be found in the drop in sales of diesel models and in the growth of petrol models that, with the same number of kilometres travelled, emit greater quantities of CO2". As for Italy, "the picture regarding the reduction of emissions reflects the EU situation, or rather exceeds it, with a ratio that from 143.3 g/km in 2008 has fallen to 112.4 g/km in 2017, lower than countries such as Germany, United Kingdom, Sweden and Finland," Santori and Gugliotta observe, warning about the changes in European car demand



whose first signs are evident precisely in the diesel crisis and the boom in the electric. For electric cars, *"figures confirm that, however slow, the transition to electric mobility is much more real than one might think. Sales of electric vehicles in Europe - they continue - reached 290,000 units in 2017 and exceeded 195,000 units in the first half of 2018, divided equally between battery and hybrid vehicles. New registrations, which include both commercial vehicles and cars, show steady growth on a monthly basis since January 2016,"* the two Rie analysts explain, adding that according to Bloomberg's estimates, *"by 2040 sales of electric cars will account for 54% of new sales worldwide. The strict policies on emissions, the spread of the charging points network and the fall in battery prices will push the number of electric vehicles worldwide to 164 million by 2030, increasing volumes by more than 65 times compared to the 2.5 million in 2017"*. If the electric car is the symbol of sustainable mobility for the future, gas vehicles are a well-established reality of the present, both those powered by compressed natural gas (CNG), for which the supply chain is now started and structured, and those powered by liquefied natural gas (LNG) which, thanks to technological progress, are experiencing rapid development in recent years. *"In Europe, more than 3,500 natural gas stations are in operation and by 2025 the total number of stations could reach 6,000. However, coverage is not uniform across Europe - Santori and Gugliotta admit -. Italy leads the ranking (almost 1,300 facilities), followed by Germany (almost 870). The role of other countries, on the other hand, is marginal. Looking ahead, the development prospects for the EU indicate that natural gas-powered cars could account for 13% of the market in 2030, heavy vehicles for 20% and buses for 34%. The estimate for Italy is 2,500,000 light vehicles by 2025"*. Finally, car sharing, ride sharing and shared mobility: *"In 2015, the number of registered users of car sharing services was 7 million and it is estimated that it could reach 36 million by 2025 - the two Rie analysts specify -. Europe accounts for 50% of the world market and, according to Deloitte's estimates, it will increase from 2.2 million users in 2014 to 15.6 million in 2020; at the same time, shared vehicles will exceed 150,000 units by the same year. The introduction of ride sharing services is also transforming the behaviour of "mobility consumers" both on urban routes and on long journeys. In 2017, 425.7 million users worldwide shared at least one trip, and it is estimated that they will reach 684.4 million in 2022"*, Santori and Gugliotta conclude.



Moreover, in the new issue, you can find the usual technical comments, relating to Italian and European energy and environmental markets, the Italian gas market trends analysis section and the European trends analysis section, which goes into details about the main European commodities market trends.

The new GME issue also includes, as is now usual, the October 2018 energy market summary.

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