



GME's NEWSLETTER – New issue now on line

Rome, 14 October 2013 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable from www.mercatoelettrico.org.

The new issue opens with a contribution by Professor Alberto Clò (RIE's scientific coordinator) about the "virtuality" of the European gas market. In the opinion of Clò, Europe is experiencing *an energy crisis; unlike in the past, this crisis does not originate from exogenous shocks, but from misguided public policies or better from the "failings" of public policies*. An important case in point is *gas displacement by coal; in the past four years, coal has grown by 11%, while gas dropped by 11%, in spite of Brussels' environmental hypocrisies*, points out RIE's supervisor, who stresses that this situation is compounded by collapsing demand, excess supply and a double failing: *the first concerns the moribund ETS market, which should have advantaged gas; the second is the unhappy "arranged marriage" with renewables*. Looking at our country, grants Clò, *things are not going better than elsewhere, for multiple reasons: more damage caused to energy demand by a heavier recession and the destruction (in part irreversible) of the production base; higher penetration of gas into electricity generation (2011: 50% vs. 22% in the EU-27), associated with higher penetration of renewables (2011: 28% vs. 21% in the EU-27); over-investment in electricity generation and gas production capacities, predictable even before the break-out of the crisis. End result: a system that, with few exceptions, is "in oxygen debt", squeezed by collapsing demand, narrowing margins, dwindling power plant utilisation rate, abnormal debt weight*. Hence, explains RIE's scientific coordinator, *the regulator's heroic attempt to reconcile the irreconcilable: holding down the costs of past errors by recovering them elsewhere*. However, opportunities to come out of the distress of our energy market - concludes Clò - are very few. *It would be a step forward to become aware of these opportunities: removing the illusion that everything can be solved by the mantras of regulation and putting pressure on European institutions so that they*



deeply reconsider the policies pursued so far and address the problem of inconsistent policies at national level going to the detriment of all of Europe.

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

The new publication also reports, as has become customary, the **summary data of the electricity market for the month of September.**

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Press Release