



GME'S NEWS – New issue now on line

Rome, 5 June 2009 – The new issue of the Newsletter del Gestore del Mercato Elettrico (GME) is now downloadable from www.mercatoelettrico.org

The newsletter opens with a contribution by **Alessandro Clerici**, Honorary President of WEC. Clerici makes a thorough analysis of the strategic importance of energy efficiency policies in the current situation of global crisis, as these policies may offer a “*smarter recovery strategy than unemployment subsidies or haphazard measures designed to mitigate serious social issues*”.

Clerici feels that *investments to enhance energy efficiency might help prevent companies and industries from closing down and thus protect us from de-industrialisation*. They might also lead industrial activities and associated new business towards a *virtuous circle*, capable of ensuring an *overall more efficient, and not only energy-efficient, economy at the end of the crisis*. To save energy - points out Clerici - *we need to concurrently take two main courses of action: enhancing energy efficiency, while keeping the same services and lifestyles, but consuming less energy and cutting end-use energy consumption by changing our personal behaviours*.

The fastest and most effective way to deploy energy efficiency in the short term - stresses Clerici - is to target industrial, household and service-sector end uses. During the G8 meeting of Energy Ministers, enlarged to emerging countries and held in Rome on May 24-25, 2009, an agreement on an International Partnership for Energy Efficiency Cooperation (Ipeec) was signed. The agreement represents a very positive first step towards the much-needed global approach to the issue, involving both industrialised and developing countries. It is imperative that Governments - recalls Clerici – enforce legislation permitting to adopt only the most energy-efficient among the new products. Emphasis should be placed on sectors having high energy consumption and high energy-saving potential and offering the shortest possible payback of investments. It goes without saying that the payback depends on the local costs/prices of products and on the costs/prices of energy. To begin the process right away - continues Clerici - we merely need to apply efficient products that have been commercially available for years. However, we should not use them myopically, i.e. considering only the initial investment that they involve. The need arises for suitable communication and awareness campaigns, so that we may all take a lifecycle approach.

Institutions and governments, especially in the current period of crisis – concludes Clerici – should regard energy efficiency not as an expense, but as an investment with multiple benefits: decreasing the energy bill, supply insecurity and the costs of CO₂ emissions;



minimising the social costs connected with possible reductions in the labour force; giving support to non-deindustrialisation; enhancing the competitiveness of companies, particularly energy-intensive ones; improving the spending capability of citizens thanks to lower energy bills; increasing governmental revenues from direct and indirect taxes related to production and marketing of efficient products.

As has become customary, issue no. 17 of GME's publication reports the **summary data of the Electricity Market for the month of May** and the **Fuel Market** section, which analyses oil and fossil fuel prices in the international market. The new issue also comes with the usual technical commentaries on European and national power exchanges and environmental markets and with an analysis of the impact of the economic crisis on Italian electricity and gas consumption in our country. The analysis, made by **Clara Poletti** and **Federico Pontoni (IEFE)**, takes stock of the repercussions of the crisis in the energy sector, both on the demand side and on the supply side, and on energy production in our country.

In the first quarter of 2009, electricity generation was down by 12% from the same quarter of 2008 and domestic energy production fell more significantly than demand owing to increased imports. The consumption of electricity for thermal generation and industrial uses was down by 23% and 24%, respectively, while the demand of gas by distribution systems, i.e. residential consumption, was up by 7%. This increase caused the overall decline in natural gas demand to be around 7%, i.e. similar to the one of electricity. Therefore, residential consumption counterbalanced the huge contraction of industrial consumption.

In conclusion, while cold climate sustained the consumption of energy (especially of natural gas) in Winter, electricity producers should hope that hot climate will have the same effect in the coming Summer months. As is known, electricity demand has become more elastic with rising temperature: one degree more today increases demand more than in the last decade. Hence, the Summer heat might – never like this year - turn out to be an excellent panacea for recession ailments.

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