



GME'S NEWSLETTER – New issue now on line

Rome, 19 January 2012 – 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 *Roberto Bianchini* and *Donatella Bobbio* from *REF-E Osservatorio Energia* about the impact of photovoltaic (PV) power generation on the 2012 market scenario. The two analysts emphasise that, *based on the data collected from the start of 2010 to date, installed PV capacity in the early summer of 2011 was 8 times higher than the one at the start of 2010 and that its trend is not bound to decline next year. Indeed, REF predicts a doubling of installed PV capacity by the end of 2012, reaching about 15,000 MW in December 2012.* GSE's projections at mid December 2011 (12.2 GW) suggest that *PV capacity will grow by 2.9 GW in the course of 2012.* In the opinion of Bianchini and Bobbio, *the commissioning of such a high number of power plants/systems, which use non-schedulable sources with dispatching priority, may have sizeable consequences on the dynamics of the contestable demand and of the price in the Day-Ahead Market (MGP).* This is the reason why - add the experts from REF-E - *the volatility of the price in the MGP may rise in 2012 owing to the weight of PV generation. While a lower price in the MGP is desirable in terms of system cost level, the overall impact of growing PV generation on the final electricity cost cannot be easily determined on an a priori basis. On one hand, the reduction of demand for conventional thermal generation will translate into higher competition on the price in the MGP; on the other hand, system security requirements may lead Terna to procure more resources in the Ancillary Services Market (MSD). The extreme volatility of PV generation and the non-homogeneous distribution of PV plants/systems over the country - conclude Bianchini*



and Bobbio - *may cause imbalances, require more resources for system security and increase the costs incurred in the MSD and the tariff components covering such costs.*

The new issue of the newsletter comes with the usual technical commentaries about national and European power exchanges and environmental markets, as well as with the sections devoted to the analysis of Italian gas market trends and to insights into the trends of the main European commodity markets.

As has become customary, GME's new publication also reports **the yearly data of transactions in the electricity market for the year 2011.**

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