Press Release

GME'S NEWSLETTER – New issue now on line

Rome, 16 January 2014 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable from www.mercatoelettrico.org.

The newsletter opens with a contribution by Roberto Bianchini from REF-E about the collapse of energy demand amid recession and change of the production mix. *Indeed, 2013 was the year in which average energy intensity dropped significantly in all production sectors* - explains the analyst from REF-E: *while GDP fell by about 1.8% at year's end, electricity, gas and oil products recorded much more substantial decreases.* Bianchini points out that *electricity consumption was down by about 3% (disregarding seasonality effects).* In contrast, with regard to gas demand*, the consumption of the thermal generating sector was down by as much as 18.5%* and the one of the industrial sector (-1.5%) *was lower than the overall decrease of industrial production*. The expert from REF-E argues that this phenomenon is the consequence of three distinct elements: *shrinking electricity demand; growing electricity generation from non-schedulable renewable sources, given the entry of new capacity (the share of this generation in total generation will reach nearly 15% by year's end); and weather conditions favourable to hydro power generation.* This infers - stresses Bianchini - that the reduction of average energy intensity, reflected by the trend of gas and electricity demand vs. GDP, is *almost entirely ascribable to the dynamics of the electricity sector. What deeply changed in this sector was the consumption mix both between sectors and within industrial sectors,* with a sharp drop especially in sectors related to production of intermediate goods. The analysis of disaggregated data thus shows *that energy intensity vs. GDP certainly decreased, but this decrease cannot be associated with efficiency gains in energy usage*. For 2014 - concludes Bianchini - *REF-E predicts that demand will recover in both sectors. As regards electricity consumption, the expected progress will practically depend on the trend of the economy; with a forecast*

GDP growth of 0.7% and a moderate rise of electricity intensity thanks to the end of the recessionary stage, consumption is expected to recover at a rate slightly above 1%. Conversely, *the growth rates of gas are likely to be more sustained than the ones of electricity and ranging from 1 to 2.5%*.

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

As has become customary, GME's new publication also reports **the yearly data on trades in the electricity market for the year 2013.**

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