

## **GME'S NEWSLETTER - New issue now on line**

Rome, 12 December 2014 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable from [www.mercatoelettrico.org](http://www.mercatoelettrico.org).

The newsletter opens with a contribution by Donatella Bobbio and Claudia Checchi, from REF-E, about the greenhouse gas (GHG) emission targets unilaterally set by Europe, the US and China, in view of achieving a global target. In the past two decades, GHG emissions recorded a significant upward trend: from 1990 to 2012, CO<sub>2</sub> alone was up by roughly 50%. Since 1990, the GHG emissions of the European Union, the United States and China have accounted for more than half (57% in 1990, 53% in 2012) of the global GHG emissions. Nevertheless, point out the experts from REF-E, *so far the only binding international agreement has been the Kyoto Protocol*. The obstacle to achieving a new agreement, explain Bobbio and Checchi, was *“the demand by advanced economies to impose emission constraints also on the most industrialised emerging countries. These countries (with China in the leading position) have a very large share of global emissions and their failure to bring them under control might nullify the efforts undertaken by industrialised economies*. At global scale, the most significant step forward in the past two years - argue the experts from REF-E - *was the Durban COP in 2011, when both advanced and emerging countries set a time limit (Paris COP in 2015) within which to enter into a binding global agreement*. However, apart from Europe - appearing to be, at global level, the *only true promoter* of policies to counter climate change - *the China-US agreement to hold down emissions, made known last November, might change the scenario in view of the Paris agreement*. Indeed, the analysts from REF-E stress that *these commitments are not binding and not particularly challenging but express an active role of the two superpowers around the international negotiating table*. In the opinion of Bobbio and Checchi, *the announcement of emission abatement targets by the three main worldwide emitters may act as a driver also for other countries more reluctant to set environmental policy targets and thus have a potentially positive effect in view of reaching a global accord in Paris*. Nonetheless, *the surprise announcement of an*



*agreement between the US and China on these issues - emphasise the analysts from REF-E - might put them in a strong position at the international negotiating table, potentially undermining the leading role that the EU has so far played in the negotiations, although the commitments taken are certainly less challenging than European ones. Moreover, the asymmetry of scale of European targets vs. those of the US and China might further expose the European industry to risks of loss of competitiveness. Hence, the strength game, which will take place among the main economies in view of the Paris COP, currently appears to be extremely sensitive. At any rate, conclude Bobbio and Checchi, the announcement of targets will have to be followed by the design and implementation of adequate policies. In particular, efforts to be undertaken in the various sectors - at the time being uncertain, despite the fact that, in some cases, targets have also been set for the development of renewable or nuclear generation - will be contingent upon political decisions.*

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 the Italian gas market trends and with the one with insights into the trends of the main European commodity markets.

As has become customary, GME's new publication also reports the **summary data of the electricity market for the month of November 2014.**

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