



GME'S NEWSLETTER – The new issue was published

Rome, 14 October 2015 – The new issue of the Newsletter of Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with a speech by Mrs. Chiara Proietti Silvestri and Mrs. Agata Gugliotta of RIE on the changes being introduced in shale gas and oil prices. According to the two analysts, the business of shale is *"seen by many as a victim and perpetrator of the collapse in oil prices, now halved compared to \$ 100 in July 2014"*, but, indeed, on the one hand, *"it is true that the drop of oil prices is largely due to the condition of the existing oversupply worldwide, driven by the unconventional boom in North America and exacerbated by the decision of OPEC to defend its market share; it is equally certain that such a trend has severely tested much of the energy companies."*

In fact, Mrs. Proietti Silvestri and Mrs. Gugliotta stress, *"the companies involved in shale, already in debt because of the weak US gas prices compared to high production costs and a modest growth in consumption"* must take into account the drop of oil prices that *"complicates and worsens a financial framework already under pressure, thus forcing companies to implement a policy of cost reduction, to review the programs of drilling and, consequently, the spending plans in support infrastructure."*

Wood Mackenzie even talks *"of about \$ 1.5 trillion of projects - both in the development of conventional resources both in the North American unconventional - that might remain on paper"*, the two analysts of RIE admit.

Despite this, however, *"the industry of shale gas has not disappeared"* but *"clearly suffers from a backdrop of lower profitability that puts it under pressure."*



Different is the speech outside US borders: shale gas is produced only in the other three countries, Canada, China and Argentina: *"It is a production still low when compared to the American one - the experts of RIE point out. The output in Canada is a little over 10% of the US one, the one of China does not reach 1%, while in Argentina it was recently launched the commercial production."* Europe, in contrast, can rely on a total of nearly 600,000 billion pc of shale gas resources, about 6.5% of the world total, but, to date, Mrs. Proietti Silvestri and Mrs. Gugliotta still emphasize, *"they are not adequately exploited due to the emergence of operational and environmental obstacles and the consensus to the development of the extractions."* For this reasons - the two experts of RIE conclude - *"although some countries continue to support the development of shale gas, especially in view of energy security, there are still significant uncertainties regarding the development of unconventional; doubts that the current market environment has helped to consolidate"*.

The new issue of the newsletter contains the usual technical commentaries on the markets and national and European power and environmental exchanges, the section devoted to the analysis of the performance of the Italian gas market and the analysis section on trends in Europe, which examines the trends of the main European commodity markets.

The new GME's issue also reports, as it has become customary, the summary data of the electricity market for the month of September 2015.

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